Austria ... Sch. 20	Indonesia .. Rp 2600	Portugal ... Esc 90
Bahrain .. Din.0.650	Italy .... L 1500	S. Arabia .. Rls 6.00
Belgium ... BFr.45	Japan Y550	Singapore . S$ 4.10
Canada ... C$1.00	Jordan ... Fils 500	Spain .... Pta 125
Cyprus ... C£0.70	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 8.00	Lebanon . £L 8.00	Sweden .. Skr 7.00
Egypt .... E£1.00	Luxembourg . LFr.45	Switzerland SFr 2.20
Finland .. Fmk 6.50	Malaysia .. Rm 4.25	Taiwan ... NT $95
France .. FFr. 6.00	Mexico .. Pes. 200	Tunisia .. Din 0.650
Germany . DM 2.20	Morocco .. Dh 6.50	Turkey .... L 250
Greece ..... Dr 80	Netherlands . Fl 2.75	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 7.00	U.S.A. $1.00
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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South east Asia: how growth has faltered, Page 8

World news

Airport gunmen 'told to crash jet'

Three Palestinian gunmen who attacked the Vienna international airport on Friday were told in a final breakfast briefing by a fourth man to hijack an El Al aircraft and explode it "in or over Tel Aviv," Austria's Interior Ministry said.

A spokesman said the fourth man, who has disappeared, ordered the gunmen during breakfast at the city's Hilton Hotel to take Israeli hostages, force their way on to a waiting El Al aircraft and fly to Tel Aviv.

The US yesterday urged other nations to impose economic sanctions on Libya for its alleged support of international terrorism and said it was considering offering a reward for Abu Nidal, presumed mastermind of last week's attacks in Rome and Vienna. Earlier report, Page 2

Arabs in court

Two suspected Arab terrorists, who arrived in Brussels from Athens and were arrested after being followed from the airport to a large arms and explosives cache, will appear in court today.

S. Africa deaths

The bodies of two black policemen were found near their burnt-out car in Port Elizabeth, bringing the new-year death toll in South African riots to 18. Meanwhile, about 20,000 black mourners joined whites at the funeral of Mrs Molly Blackburn, the civil rights activist who died in a motor accident last week. Page 2

Sikh killing

Sikh extremists shot dead one policeman and seriously wounded another in a raid on a crowded bus in the north Indian state of Punjab.

Gorbachev warning

Two weeks before the disarmament talks resume in Geneva, Mr Mikhail Gorbachev, the Soviet leader, said progress was only possible if the US renounced the Star Wars strategic defence initiative. Page 2

Kharg air raid

Iraq reported heavy air raids on Iranian targets, including strikes at Kharg Island oil terminal and six military camps.

Uganda censorship

Uganda imposed censorship on news about its security forces amid new rebel accusations that Government troops were continuing to kill civilians.

Cabinet dissolved

Malawi President Kamuzu Banda dissolved his 13-member Cabinet. No reason was given.

Hostage freed

Rioting inmates at Moundsville State Prison, West Virginia, released the second of 14 hostages seized on Wednesday and officials said one prisoner had been killed in the protest over living conditions.

Madrid meeting

Nato secretary general Lord Carrington met Spanish Foreign Minister Francisco Fernandez Ordonez in Madrid at the start of an official visit which the Socialist Government hopes will help keep Spain in the alliance.

City entry levy

The western Norwegian port of Bergen has started charging a toll on motorists driving into the city. Municipal authorities said the levy was the first of its kind in Europe.

Suicide havoc

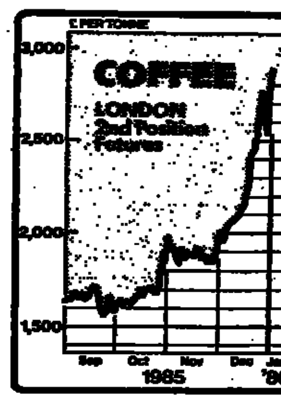
A man committing suicide in Portland, US, caused a gas explosion which flattened four homes, injured 10 people, blacked out power to 2,000 households and damaged 20 houses and a church.

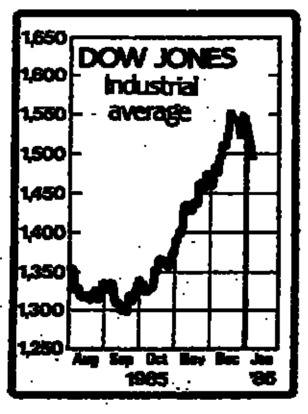
Business summary

Paribas to enter takeover battle

PARIBAS, French state-owned investment bank, is to launch a takeover bid for the Providence-Secours insurance group in which it has a 25 per cent stake. Providence-Secours has received two earlier offers and the battle is seen as a prelude to other bids for French insurance groups. Page 19

COFFEE: London's March future price rose £160 ($230.40) to £2,895 a tonne – an 8½ year high – on news that the 1986-87 coffee crop in São Paulo state, Brazil will total only 2.1m bags, 8m less than last year. Page 29





WALL STREET: By 3pm, the Dow Jones industrial average was down 6.88 at 1,539.79. Page 28

LONDON started the year with firmer equities and fluctuating gilts. The FT Ordinary index rose 7.4 to 1,138.5 and the FT-SE 100 added 7.9 to 1,420.5. Page 28

PARIS bourse hit another record on heavy overseas buying. The CAC General index gained 2.0 to a peak 267.8. Page 28

TOKYO stock market remained closed and will reopen on Monday. Growth of foreign listings, Page 28

DOLLAR fell in London to DM 2.4375 (DM 2.4455), FFr 7.4850 (FFr 7.50); SwFr 2.0520 (SFr 2.0600) and Y200 On Bank of England figures, the dollar's exchange rate index rose to 125.4 from 125.3. Page 21

STERLING rose 50 points in London to close at $1.4505. It also rose to FFr 10.8575 (FFr 10.84) It was unchanged at DM 3.5350 and SFr 2.9775, but fell to Y288.75 (Y289.50). The pound's exchange rate index remained the same at 77.9 Page 21

GOLD was unchanged from Tuesday's close in the London bullion market at $327.25. It fell in Zurich to $326.45 from $327.50. Page 20

SINGAPORE'S eight-year strike-free record was broken by a stoppage at Hydril Private, a US-owned oil equipment company, in protest at the dismissal last year of six workers.

BULL, state-owned French computer group, is to link with Olivetti of Italy in producing a generation of bank cash machines. Page 3

NATIONAL Semiconductor of US reported a first half loss of $88.3m against $44.4m profits in the previous corresponding term. Page 11

MALAYSIAN businessman Tan Koon Swan is to raise 100m ringgit ($41.3m) through a loan stock issue to help meet obligations arising from difficulties involving Pan-Electric of Singapore. Page 11

Thatcher pledges equal support for Westland rivals

BY BRIDGET BLOOM AND LIONEL BARBER IN LONDON

Mrs Thatcher

MRS THATCHER, the British Prime Minister, yesterday took an even-handed approach in the heated political battle over the future of Westland, Britain's only helicopter manufacturer.

In her first major statement on the Westland issue since before Christmas, Mrs Thatcher pledged the Government's full support for the company, whether its shareholders chose to opt for the rescue plan proposed by the US company Sikorsky, allied with Fiat of Italy, or for the rival proposals from a four-nation European consortium.

In a six paragraph letter to Sir John Cuckney, chairman of Westland, the Prime Minister said the Government would continue to support Westland's wish to participate in collaborative ventures in Europe "and would resist to the best of its ability attempts by others to discriminate against Westland."

But she noted that Sir John, who had asked her to spell out whether Westland would suffer discrimination in Europe if it chose the Sikorsky-Fiat link, "should be aware of indications from European governments and companies" that Westland could lose projects in Europe if it opted for the US offer.

The Prime Minister's letter, which constitutes the fullest statement of government policy on Westland since the controversial statement to the House of Commons by Mr Leon Brittan on December 13, steers a careful middle course between his views as Trade and Industry Secretary and those of Mr Michael Heseltine, the Defence Minister.

Battle has raged between the two ministers and their officials despite earlier attempts by Mrs Thatcher to lower the temperature. But yesterday both sides were claiming victory. Mr Heseltine was evidently happy that his views on the importance of European collaboration had been recognised and that shareholders had been given some indication of the possible penalties of choosing the Sikorsky plan.

At the Trade and Industry Department, Mr Brittan was apparently interpreting the Prime Minister's letter as reinforcement of his earlier statement to the House of Commons. Officials pointed out that since UK participation was important to the viability of collaboration in Europe, the Government would be well placed to resist any attempts to push Westland out of such projects.

Sir John said he was delighted with the Prime Minister's letter, which had allayed Westland's fears about being victimised if it adopted the Sikorsky-Fiat solution. "It puts some of the threats into perspective," he said.

Sir John yesterday met with senior executives of Sikorsky to discuss its offer, still strongly favoured by the board. It is understood that he raised the possibility of Sikorsky improving its offer, particularly its financial terms to Westland share-

Continued on Page 10
Editorial comment, Page 8

GEC 'set to win UK's largest Chinese order'

BY ANDREW FISHER IN LONDON AND DAVID MARSH IN PARIS

GENERAL ELECTRIC Company (GEC) expects to win Britain's biggest export order from China, after signing an initial agreement to supply £250m ($360m) worth of equipment for a Chinese nuclear power station near the border with Hong Kong.

The memorandum of understanding, which GEC hopes will be translated into a full order in a few months, was signed in Peking this week. GEC came down in price by about 20 per cent to meet Chinese terms.

"We regard this as a very considerable breakthrough," said Mr James Prior, chairman of GEC. The UK company is to provide two turbine generators for the plant in Guangdong province, 30 miles from Hong Kong.

The GEC agreement comes soon after Framatome of France signed a similar deal to build the two 900 Mw nuclear reactors for the plant. Framatome also had to lower its price before the memorandum was agreed.

The total value of the plant, at Daya Bay, is some $4.1bn. The French share, including the supervision of design and construction by Electricité de France, the French utility, will be around FFr 10bn ($1.3bn), with 60 per cent going to Framatome.

Mr Prior said the GEC turbine plants in Rugby, Stafford, Manchester and Larne (Northern Ireland) would start work on the order at the end of this year.

The Guangdong contract, under negotiation for six years, brought the value of GEC's turbine generating work to around £1.5bn, said Mr Jim Cronin, a director of GEC Turbine Generators.

It would help secure 7,000 jobs for about four years from 1987, he added. "We need to win one contract like this every year," he said. GEC is building turbine equipment for Hong Kong, South Africa, South Korea and India.

Mr Prior said the UK Government had been "extremely helpful and co-operative." The deal will be financed by a loan from a consortium of 10 British banks, led by Midland Bank.

The Bank of China will borrow the money on behalf of a joint-venture company between China and Hong Kong, Guangdong Nuclear Power Joint Venture Company. The loan will be underwritten by the UK's Export Credits Guarantee Department.

The deal involves no aid or soft credit terms, unlike last year's £450m Bosporus bridge contract in Turkey, which Trafalgar House of the UK lost to Japanese companies, sparking off a political row.

The Daya Bay project is the biggest joint venture in which China has been involved. The high-speed generating units will be the largest ever built in the UK.

About 70 per cent of the power from Daya Bay will go to Hong Kong to supplement power from the Castle Peak coal-fired power stations, operated by China Light and Power. This Hong Kong company is also involved in the Guangdong venture.

GAF raises hostile bid for Union Carbide to $5.5bn

BY PAUL TAYLOR IN NEW YORK

GAF, the US chemicals group battling to win control of Union Carbide, yesterday sweetened its all-cash hostile takeover attempt for a second time, increasing it by $4 a share to $78 a share or about $5.5bn.

The new offer, which is conditional on Union Carbide not repurchasing any of its own shares under a $2bn share buy-back planned as part of its anti-takeover defences, was timed to coincide with a Union Carbide board meeting called to consider GAF's earlier revised bid. GAF raised its first bid of $68 a share to $74 a share only last week.

The latest GAF offer, detailed in a letter from Mr Samuel Heyman, GAF chairman, to Mr Warren Anderson, chairman of the beleaguered US chemical giant, appears to further raise the heat in an already bitterly fought takeover battle.

Earlier this week, Carbide won a key court victory when a New York federal judge upheld its anti-takeover defences. Yesterday, Union Carbide's shares were suspended at the opening ahead of an announcement, and opened up $1¼ at $72 shortly before noon.

GAF pressed its latest offer by revealing that it has already lined up $4.16bn in financing for its bid. This includes $3.5bn low quality, high-yielding "junk bonds" and other securities privately placed by Drexel Burnham, the Wall Street firm, and $655m in bank loan commitments. GAF said Drexel Burnham was in the process of arranging additional financing and was "highly confident" that it would be able to obtain the remaining funds necessary to complete the takeover.

In the meantime, Union Carbide, which has offered to buy back 35 per cent of its shares for cash and securities valued at $85 a share as the first part of a two stage "poison pill" defence, has also been aggressively stockpiling cash. In recent days, Union Carbide has raised $1.2bn through asset sales and by recovering $500m in surplus pension funds. In addition to its existing $1.5bn bank credit line, Union Carbide is expected to sign another $1.5bn financing agreement with a group of 10 banks shortly.

Seperately a Federal court judge will today begin hearing lawyers' arguments over where the multi-billion dollar law suits stemming from the toxic gas tragedy which killed more than 2,000 people at Union Carbide's Bhopal plant in India over a year ago should be heard.

Lawyers representing the victims and the Indian Government want the case held in the US while Union Carbide argues the case should be heard in India.

Poland defaults on $550m debt repayment

By David Buchan in London

POLAND'S complex debt rescheduling arrangements with all its Western creditors have been thrown into doubt by a demand from Western governments that Warsaw scale down repayments to Western banks so as to leave more of what little hard currency Poland has to official creditors.

The demand, amounting to a virtual ultimatum that Poland renegotiate at least part of its existing rescheduling accords with commercial banks, came as Poland failed to pay Western governments $550m by December 31, due as a first downpayment of interest on its 1982-84 official debt arrears.

The Poles' failure to pay the $550m on time was widely expected. At a meeting of the Paris official creditors club before Christmas Mr Zbigniew Karcz, head of the Polish finance ministry's international department, was given a further three months, until March 31, to make the payment, but was also told to renegotiate Poland's commercial bank debt rescheduling accords to make them less generous to the Western banks.

A clash between the interests of Poland's two groups of creditors, who between them have roughly an equal share in Poland's $27bn debt, has been on the cards ever since Western governments froze all rescheduling talks with Warsaw for three years after martial law in December 1981. Only last year did Western governments start to make up the lost ground, signing various rescheduling agreements on 1981-85 debt arrears, while, for the most part, still refusing Warsaw's demands for new official trade credit.

By contrast, the commercial banks have effectively given themselves first call on Poland's limited resources, by promptly reaching rescheduling terms, including a single accord on 1984–87 debt and granting Warsaw a $625m revolving trade credit out of its interest payments. The Poles responded by making clear that if, in a crisis, they could only pay one group of creditors, it would be the banks.

The financial crunch has now come, with Poland's hard currency trade surplus last year falling to around $1bn, less than the projected $1.4bn or the 1984 surplus.

Western banks seem prepared for their governments' demands for more equal treatment among creditors. "They (the governments) obviously have a fairly legitimate grievance that Poland is now beginning to pay us back debt principal, but is not even paying them interest."

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Nigeria issues challenge to creditors

BY PATTI WALDMEIR IN LAGOS

NIGERIA plans to challenge its international creditors to reschedule the country's medium and long-term debt despite the absence of an agreement between Lagos and the International Monetary Fund on an economic reform programme. Such an agreement is normally an essential pre-condition for the renegotiation of external debts.

Dr Kalu Kalu, Nigeria's Finance Minister, said yesterday that the Government would seek to reschedule medium and long-term foreign debt falling due this year and next in order to meet its target of spending no more than 30 per cent of export revenues on debt service in 1986.

Major General Ibrahim Babangida, Nigeria's President, had earlier announced the unilateral imposition of a 30 per cent ceiling on debt service payments due this year. Briefing businessmen and the pression Lagos yesterday, however, Dr Kalu appeared at pains to soften the impact of this ultimatum to creditors, presenting the 30 per cent figure as a target rather than an absolute limit.

He said Nigeria would soon approach foreign banks and governments, the so-called "Paris" and "London" clubs, to open discussions on rescheduling medium and long-term debt officially put at around $10bn but unofficially estimated at closer to $12bn.

Without such rescheduling, he said, Nigeria would have to earmark 42 per cent of projected export revenue for debt service this year, a figure considered conservative by many diplomats and bankers, who estimate repayments due in 1986 at between $5bn and $6.5bn, or one half to two thirds of the $9.5bn foreign exchange budget.

The main reason for this discrepancy appears to be different estimates of the level of short-term insured and uninsured trade arrears. According to documents presented by Dr Kalu yesterday, Nigeria believes it owes only N3,15bn ($3.31bn) in such debts, N1.13bn of which has already been refinanced. Western banks and governments put the total trade arrears owed at between N5bn and N6bn.

Both commercial and official creditors are likely to resist the move to open debt negotiation in view of Nigeria's recent suspension of two-year-old talks with the IMF on an economic adjustment programme. The Fund's stamp of approval on a debtor country's economic policies is normally a precondition of such talks, and creditors are understood to believe that waiving this condition for Nigeria could set a dangerous precedent for other debtors.

Dr Kalu said he believed that major economic reforms outlined in the country's 1986 budget, presented on New Year's Eve, would be sufficient to persuade creditors to break with tradition and open negotiations. "The budget is a very realistic basis for discussions," he said.

The budget, the first by President Babangida since he took power in an August 27 coup aims to bring about major structural changes in the oil-dependent Nigerian economy and goes a long way toward resolving differences with the IMF

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Italian holding group cuts losses by 45%

BY ALAN FRIEDMAN IN MILAN

ISTITUTO per la Ricostruzione Industriale (IRI), Italy's largest state holding group with more than 500 companies and 500,000 employees, yesterday revealed preliminary 1985 results which show losses cut by 45 per cent to L1,500bn ($901m).

The lower IRI loss is in part a product of improved performance of state companies such as Alitalia, the state airline, and also a function of revenues raised when IRI partly privatised some companies by selling shares to the public. IRI's 1985 total turnover came to L49,500bn, a rise of 20 per cent on 1984.

ENI, the state energy group, reported, as forecast last September, a L400bn profit, the best result in the group's history and in sharp contrast to the 1984 loss of L88bn and the 1983 deficit of L1,449. ENI, like IRI, has improved its management and has raised funds through privatisation offers.

Efim, the smallest of the three state groups, had a 1985 turnover of L5,000bn, against L4,400bn in 1984. The 1985 loss of L400bn was down on the 1984 deficit of L581bn.

Figures for all of these three state holding groups are preliminary and will doubtless be revised by the middle of this spring, when more detailed results will be published.

CONTENTS

New year death toll rises in fresh S. African rioting

BY OUR FOREIGN STAFF

At least five blacks were killed in overnight rioting throughout South Africa, taking the New Year death toll to 18.

Police also reported that the bodies of two black policemen were found in a tense tribal area. The mutilated bodies were discovered in the bush in Moutse district, northeast of Pretoria where, according to police reports, at least seven people have been killed since New Year's Eve in clashes with police or with rival tribes.

The 120,000 people of Moutse are protesting against incorporation into the neighbouring Kwa-Ndebele homeland. This is due to take independence from the white Government later this year.

In Port Elizabeth, meanwhile, about 20,000 black mourners joined whites at the funeral of Mrs Molly Blackburn, the South African civil rights activist who died in a motor accident last week.

The interdenominational service was relayed by loudspeakers to mourners who thronged the streets outside the church.

Addressing the congregation, Dr Alan Boesak, president of the Alliance of Reform Churches and a patron of the United Democratic Front (UDF), said of Mrs Blackburn: "Even in death she did what she did all her life—brought us together."

Mrs Blackburn and civil rights lawyer Mr Brian Bishop, also white, died when their car collided head on with another as they returned to Port Elizabeth after interviewing blacks arrested by security police

Mrs Blackburn received regular death threats, but her husband, Gavin Blackburn, a physician, said foul play was not suspected.

Musical chairs in Brussels as three more join party

BY QUENTIN PEEL IN BRUSSELS

JUST UNDER a year after they moved into their substantial office suites on the 13th floor of the Berlaymont building in Brussels, the members of the European Commission are facing a new upheaval.

As the noise of the New Year celebrations fades away, the more ominous sound of knives being sharpened can be heard again in the corridors of Europower. The 14 present members of the EEC's executive body are urgently looking to their laurels as Mr Jacques Delors, the president, seeks to share out their tasks with three new members from Spain and Portugal.

One year is a short enough time in the life of the Community, but it is long enough in politics. So how does their end-of-year report look to an outside observer?

Cockfield: Enthusiastic.

Andriessen: Thankless task.

Christophersen: Risinig star.

Delors: Dominant.

Delors, Jacques: A dominant president, as expected, but too meddlesome and high-handed for some. Extremely competent and respected by the heads of government, but can get carried away with his own rhetoric. Has yet to prove that he has his whole mind on the job, and is nor distracted by thoughts of a return to French politics before his term is up.

His major achievements have been the completion of membership negotiations with Spain and Portugal, welding an unremarkable Commission into a working team, and pushing through a new development programme for the Mediterranean regions.

Andriessen, Frans: Has not so far lived up to early promise, in his thankless task of reforming the farm policy. When the crunch came, he has tended to back down in the face of furious farmers and single-minded agriculture ministers. Nor has he really hit it off with the president. Nevertheless, one of the heavyweights as a vice-president and second-term commissioner, and has a chance to improve with the support of his compatriots from the Netherlands now holding the EEC presidency of the Council of Ministers.

Christophersen, Henning: The pupil to watch in coming years, he could well move to top of the class. He has handled the tiresome budget portfolio with skill and competence, forcing the member states to face up to some of the nonsenses created by short-term cuts and long-term promises (answer: early bankruptcy). He has also managed to overcome the disadvantage of a Danish background, considering all the anti-school noises coming from that quarter. A close ally of the president who may gain in the reshuffle.

Cockfield, Arthur: The other most remarkable newcomer. Was expected to be a trouble-maker, and he has proved a most enthusiastic and constructive member of the class. Does lots of homework (unlike many of his fellow pupils) and pursues his allotted task (removing the barriers to internal) with singl-minded dedication.

Much-praised for his presentation of the mid-term report on Completing the Internal Market, but he will have to use diplomacy as well as logic if he is to get it carried out. Must watch out that he does not leave his sponsors in London too far behind in his enthusiasm for the Community.

Narjes, Karl-Heinz: Solid but unremarkable performer, he is in some danger of losing his responsibility for research and technology from his industrial interests. Belongs to the long-standing West German tradition of finding it very hard to send real heavyweights to Brussels.

Natali, Lorenzo: The third old-timer (with Andriessen, Narjes and Cheysson), he does not perform well in public, but defends his interests (Italy and development assistance) effectively in Commission. He has already lost one part of his job—negotiating Spanish and Portuguese membership—with enlargement on January 1.

Cheysson, Claude: The man who would have been king (president of the Commission, that is), but for the opposition of London and Bonn; and who would have gone back to his old job of development Commissioner, but for the opposition of his fellow Frenchman, Mr Delors. Shows his frustration, and goes his own way out of class. Happier on his travels than he is back in Brussels, but ill health has prevented him being more active.

Clinton Davies, Stanley: A hard-working and worthy member of the team, he is still in danger of losing his nice transport job. Perhaps he could get fishing instead? He did well to cobble together a compromise on cleaning up car exhausts, when the big boys in Bonn and London were all set for a nasty scrap. Would be a pity to lose his enthusiasm for liberalising air fares.

De Clercq, Willy: A tireless and likeable chap, in the key job of external trade. Not quite certain he has the clout, coming from Belgium, to face up to those nasty chaps in Washington and Tokyo when they get heavy on the trade front. A good ambassador, not always enjoying a solid front of the member states to support his efforts.

Mosar, Nicholas: Little was expected of the Luxembourg nominee, responsible for energy. He has lived up to expectations.

Pfeiffer, Alois: The junior member from West Germany, he suffers from being unable to communicate except in German. A Commissioner for economic affairs, he has tended to be overshadowed by Mr Delors' own interest in the subject.

Ripa di Meana, Carlo: He came with a colourful reputation, but has proved to be rather dull. His job of looking after culture and the "People's Europe" could be fun. He has yet to make it so.

Sutherland, Peter: The youngest member of the class (until Mr Marin joins from Spain), he has greatly improved on the poor Irish record for distracted commissioners. Able and personable, he will keep the important competition portfolio (the one area where the Commission has real executive powers), but lose social affairs to Spain. A good first term.

Varfis, Grigoris: Competent on regional affairs (relevant back home), he has not shone in handling relations with the European Parliament. That job may go to Mr Sutherland.

Soviet leader insists that Star Wars be abandoned

BY PATRICK COCKBURN IN MOSCOW

TWO WEEKS before the disarmament negotiations resume in Geneva, Mr Mikhail Gorbachev, the Soviet leader, said yesterday that progress is only possible at the talks if the US renounces the Star Wars strategic defence initiative.

Mr Gorbachev's blunt re-affirmation of the Soviet demand that Star Wars be abandoned came in a letter to Mr Ken Livingstone, leader of the Labour-controlled Greater London Council, who had written to him about nuclear-free zones.

The Soviet Union appears keen to demonstrate that the friendlier atmosphere between Moscow and Washington, underlined by the exchange on television of New Year messages between President Ronald Reagan and Mr Gorbachev, does not mean that it is softening its negotiating position on nuclear arms.

Mr Gorbachev said in his letter published yesterday by the Soviet news agency Tass that if Britain rejected nuclear weapons and dismantled US nuclear bases on its territory then the Soviet Union would guarantee that "Soviet nuclear weapons will be neither trained on British territory, nor used against it."

Such a guarantee "could be legalised in an official agreement," and he told the GLC leader that it was "gratifying" to see moves "expanding" by municipal councils in many countries to create nuclear-free zones.

His letter was a response to one sent last month by Mr Livingstone, whose GLC had proclaimed London a nuclear-free zone in 1981. Yesterday the GLC leader said in a radio interview: "This may not seem much of a concession, but it's the first time the Soviet Union has gone that far."

Meanwhile, Soviet citizens generally appear impressed by Mr Reagan's five-minute address on Soviet television on New Year's Day. The impact of his appearance at the start of the nine o'clock news on all three channels was due less to the content of his speech than the fact that he appeared at all.

Many people were caught by surprise by the broadcast, but took it as a strong indication that relations between their country and the US are improving.

Officials remain pessimistic, however, that the improved political atmosphere will translate into real measures of disarmament. They note that the US made no effort to match the unilateral six-month Soviet moratorium on nuclear testing which expired on January 1.

US bank failures set new record

By Paul Taylor in New York

A POST-DEPRESSION record of 120 federally-insured commercial banks failed in the US last year. The number of failures easily surpassed the previous post-depression record of 79 set in 1984 and came amid continuing problems in the energy, property and agricultural sectors.

Home Savings Bank of White Plains, New York, a small local mutual savings bank with \$400m (£276m) in assets became the last federally-insured bank to fail in 1985 when it was declared insolvent by the Federal Deposit Insurance Corporation (FDIC) on New Year's Eve.

Home Savings' four branches reopened yesterday under a Federally-sponsored rescue plan involving the merger of Home Savings and Hamburg Savings of Brooklyn New York which has \$1bn in assets.

Last year was another turbulent one for the nation's bank and savings industry, including privately-insured savings bank crises in both Ohio and Maryland. But the US thrift industry is beginning to benefit from falling mortgage interest rates which have dropped by 150 basis points since September. According to the Federal Home Loan Bank Board residential mortgages held by the nation's thrifts now have a higher market value than book value for the first time since 1979.

At the same time most major money-centre banks have enjoyed soaring earnings buoyed by improved net interest margins and higher earnings from securities transactions.

Afghanistan report

Pakistan has not seen a timetable for withdrawing Soviet troops from Afghanistan which was reported to have been presented at peace talks in Geneva, a Foreign Ministry spokesman told Reuter in Islamabad yesterday.

Economy 'better'

PRESIDENT Félix Houphouet-Boigny of the Ivory Coast said his nation had weathered recession and its economy was better than it had been for more than five years. In a new year message, he said: "Our dams are full, our harvests are good, certain industries are reviving. 1986 begins under happy omens we have not seen for more than five years." Reuter

Angolan rebels killed foreigners and troops say Unita rebels

ANGOLA'S Unita rebels said yesterday that they had killed 195 troops, five Portuguese technicians and several other foreigners working for the Marxist Government during attacks between December 21 and 31 in several provinces, Reuter reports from Lisbon.

Unita (National Union for the Total Independence of Angola) said in a statement issued in Lisbon that the Portuguese technicians died when Unita guerrillas attacked the building where they lived in the central city of Huambo on December 23.

The next day, two cars travelling south from Huambo to Huila province were ambushed by Unita forces and the occupants, who included foreign technicians, were killed, the statement added.

A Unita spokesman said he had no details of the names or nationalities of these civilians. He added that Unita had often warned it could not guarantee the safety of foreigners working for the Government in what he called "war zones."

Four Cuban soldiers were among the 195 troops killed over the 10-day period in which Unita said its forces captured the river port of Noqui on Angola's northern border with Zaire and seized the town of Munhango on the Benguela railway line.

Unita said its forces also destroyed an electricity station in central Bie province.

The rebel group, which has fought Angola's Marxist Government since independence from Portugal in 1975, put its own losses in the fighting at 13 dead and 29 wounded.

● Mr Willard Lewis, general manager of the Chevron oil company's Angolan operations, expressed surprise yesterday that a conservative US group was campaigning to halt the company's business in the Marxist state.

"I have had no contact about this matter from my headquarters in California. It is the first time I have heard of this report," he said.

He was commenting on statements this week by Mr Howard Phillips, chairman of the Conservative Caucus, which claims 800,000 supporters. Mr Phillips accused Chevron of committing treason by operating in Angola, which he called a Soviet puppet.

Mr Phillips said his group had launched a campaign to force Chevron, which is involved in offshore oil production in Angola's Cabinda province, to pull out.

Mr Lewis said yesterday: "The chairman of the board of Chevron, George Keeler, was in Angola recently and he spoke of good relations with this country and manifested the intention to continue operations."

Chevron employs more than 400 workers in Angola, 100 of them Americans, and produces 165,000 barrels of oil a day on average. Oil is Angola's main foreign exchange earner.

Sudan asks for loans to pay IMF

By Reginald Dale, US Editor in Washington

SUDAN is asking the US and other friendly governments to lend it the \$220m it needs to pay off its arrears to the International Monetary Fund, according to officials here.

Settlement of the arrears would allow negotiations to resume for a new IMF programme for the country, clearing the way for the re-scheduling of Sudan's \$9bn debt owed to commercial banks.

The Sudanese request comes two weeks after the country's military government failed to agree to an earlier proposal for a new fund programme. The new approach has been under discussion in Washington in talks this week between the Fund and high-level Sudanese delegation.

Sudan has apparently decided to seek help from friendly governments, probably including Saudi Arabia, rather than seek a further extension of the deadline for settling its arrears, the officials said. The Fund's board is due to discuss Sudan's problems at a meeting in Washington today.

Rome airport workers protest over security

WORKERS at Rome's Fiumicino airport staged a three-hour strike to demand tougher security following last Friday's Palestinian guerrilla attack from which a 16th person died yesterday, Reuter reports from Rome.

On the political front, Mr Giovanni Spadolini, Italy's Defence Minister, renewed his criticism of the Government's alleged bias towards the Palestinian cause, a charge which brought the ruling coalition to the brink of collapse last October.

A meeting of about 3,000 employees of the airport authority and state airline Alitalia demanded metal detectors at every entrance and faster check-in procedures at Fiumincino, described by trade unions as an easy target for terrorists.

However, airport officials said the International Air Transport Association (Iata), which sent a team to check conditions at Fiumicino in early December, found it maintained a "high standard of security."

Mr Raffaele Casagrande, airport director, told reporters: "Nobody, not even Iata, could objectively foresee a terrorist action in the area open to the public."

In West Germany, a senior official in Chancellor Helmut Kohl's Christian Democratic Party (CDU) proposed political sanctions against Libya if the Arab state failed to refute suspicions it was backing extremist guerrillas.

Mr Volker Ruehe, deputy parliamentary leader of the CDU, said there was a need for international action in response to last week's attacks in Rome and Vienna.

Meanwhile, Spain expelled three Libyans, including two diplomats, suspected of plotting a guerrilla attack, a Spanish radio station said yesterday.

Radio SER said it had confirmation from official sources that the three were expelled last week before the guerrilla attacks.

It said the Libyans were under surveillance by Spanish secret service agents for a month before their expulsion.

In Brussels, two suspected Arab guerrillas, arrested after being tailed from Brussels airport to a large arms and explosives cache, will appear in court today, judicial authorities said yesterday. The men arrived on a flight from Athens on Saturday.

● Col Gadaffi, Libya's leader, has warned that any reprisals against Libya in connection with recent European airport attacks would spark an all-out war stretching even to the streets of America and Israel, AP reports from Tripoli.

Speaking on Wednesday, he said that an assault on Libya would prompt him to "declare war in the Mediterranean and in all the Middle East."

He called Palestinian guerrilla acts "the most sacred action on earth" but denied that Libya was responsible for the "field operations" of Palestinian fighters.

Gemayel meets Assad for talks

BY OUR MIDDLE EAST STAFF

PRESIDENT Amin Gemayel of Lebanon flew to Damascus yesterday for talks with President Hafez al-Assad on the new peace agreement hammered out by the leaders of the country's three main militias.

President Gemayel was not included in the negotiations but his co-operation is considered vital if the fundamental constitutional reforms agreed at the talks are to be put into effect.

No details have yet emerged of the agreement but it is widely accepted that there will be a substantial dilution of the power exercised by the Christian community in Lebanon. Since Lebanese Independence after the Second World War the Lebanese President has been a Christian.

President Assad is seeking Mr Gemayel's active support in putting together a new coalition government and in selecting a Prime Minister

President Gemayel escaped an apparent assassination attempt on Tuesday when a motorcade in which he had been expected to be travelling came under heavy fire. Several of the President's bodyguards were injured in the attack.

Prominent Christian politicians have been urging President Gemayel to resist the terms of the Syrian-sponsored agreement but the leaders of the main Christian militia insist that as the deal has been struck between fighting men it will be imposed.

In Kuwait a local newspaper yesterday quoted President Assad as warning King Hussein of Jordan that Israel planned to "overrun" his country in retaliation for the recent terrorist attacks at Rome and Vienna airports.

It claimed that during talks between the two men in Damascus earlier this week President Assad said that Israel's preparations were on far too large a scale for a limited "revenge operation."

Aquino tours Marcos stronghold

OPPOSITION presidential candidate Mrs Corazon Aquino ventured into President Ferdinand Marcos' political stronghold for the first time yesterday, attracting increasingly bigger crowds as she campaigned in four towns, AP reports from Baguio.

"I will leave it to the Fillipino people to decide what they want to do with this," Mrs Aquino told dozens of reporters and photographers at the base of a three-storey-high cement bust of Marcos that overlooks a government golf course and resort named Marcos Park.

Mrs Aquino told a news conference in nearby Baguio, 125 miles north of Manila, that she might allow Communists to participate in her Government if they renounce violence.

"I would be the last person in the world to be a Communist. I have never been a Communist and I do not intend to be a Communist," she said. But if she won, her Government would use all Fillipinos who sincerely want to help the Government and the country.

Mrs Aquino was responding to charges by Marcos, who has said the country would fall to Communism if she wins the February 7 special election.

Only small children waving paper yellow flags greeted Mrs Aquino's plane in Vigran and a rally in a dusty market place attracted only about 200 people.

Larger crowds met her at Narvacan and San Fernando, both northern Luzon Island towns in a region where Marcos supporters claim he will get more than 90 per cent of the vote.

By the time Mrs Aquino arrived in Baguio, several thousand people lined the streets as she and vice presidential running mate Mr Salvador Laurel rode atop an open truck through the streets of the mountain resort-city.

Irish budget deficit rises to record I£1.28bn

By Hugh Carnegy in Dublin

IRELAND'S BUDGET deficit for 1985 was I£1.28bn (£1.06bn), the country's highest ever, exceeding the Government's target by I£50m, mainly due to a serious shortfall in tax revenue, the Finance Ministry announced yesterday.

The Exchequer returns, showing tax receipts I£123m below expectations, underlined the difficulties facing Mr Alan Dukes, the Finance Minister, in framing the 1986 budget due on January 29. He has already indicated there is scant hope of meeting strong public demand for a relaxation of the heavy tax burden.

Shortfalls in value-added tax, currently at 23 per cent, income tax and customs duties all contributed to the disappointing returns.

The overall picture would have been much worse but for net savings in capital expenditure of I£41m (despite an I£24m special injection into the Irish Steel Company), an I£13m saving due to reduced EEC budget dues and an I£23m saving on debt servicing thanks to favourable exchange and interest rate trends.

Budapest store to go private

BY LESLIE COLITT IN BERLIN

A DEPARTMENT store in the Hungarian capital of Budapest has been closed down as unprofitable by its state owners, and is to be re-opened in May as the first department store in Eastern Europe to be devoted to private retailers.

The Centrum department store chain has invited private traders and artisans to bid for a five-year lease on 42 "stores within a store" on Kalvin Square in central Budapest.

The private tenants will have to make a capital contribution toward renovating the old building and will pay a minimum of Forints 1,000 (£15) a sq m for their boutiques, including the us eof all facilities.

Shops leased by private entrepreneurs are expanding rapidly in Hungary, but less than 5 per cent of the retail sector is privately owned. Private grocers were criticised by the Government last year for making a "killing" in produce by charging whatever the market would bear for certain vegetables, while paying extremely low taxes or none at all.

The domestic market is better supplied than almost anywhere else in Eastern Europe, but Hungary's exports—especially to the West—are performing badly.

The Government says in the first three quarters of last year Hungary had a hard currency deficit of \$140m, compared with a surplus of \$500m in the same period of 1984. Worsening terms of trade for industry and agriculture and increased fuel imports of \$250m contributed to the setback.

Exports normally jump sharply in December but the ambitious target of a \$600m to \$700m trade surplus for 1985—will not be met.

Pardoned Bandaranaike plans a political comeback

THE FORMER Sri Lankan Prime Minister, Mrs Sirima Bandaranaike, whose civic rights have been restored, is expected to play a decisive role in finding a solution to the conflict between majority Sinhalese and minority Tamils, according to political analysts, Reuter reports from Colombo.

President Junius Jayewardene, in a surprise move on Wednesday, granted Mrs Bandaranaike a pardon which will allow her to resume political activities more vigorously. She had been barred from contesting elections and holding public office after Parliament removed her civic rights and expelled her from the assembly for seven years in October 1980.

A jubilant Mrs Bandaranaike on Wednesday night indicated she planned a political comeback and demanded a general election.

"The biggest problem facing the country today is the ethnic issue. Have a general election and let the people decide," she said at her Colombo home. But the 69-year-old woman, who was Prime Minister from 1960 to 1965 and again from 1970 to 1977, kept the country guessing about her immediate plans, saying she had not decided her next step.

"The door is now open for her to return to Parliament—even as the opposition leader—and also play a vital role in future ethnic crisis related matters," said Tikiri Banda Ilangaratne, leader of the rival People's Party.

Asked whether she intended to return to Parliament immediately, Mrs Bandaranaike replied: "That I must consider."

The constitution allows her Sri Lanka Freedom Party (SLFP) to ask one of its MPs to resign and nominate her as a replacement.

The country was speculating yesterday why Mr Jayewardene, a shrewd politician, decided at this time to allow his arch rival to return to active politics. Mrs Bandaranaike said she thought he acted under international and local pressure.

It is reported here that Prime Minister Rajiv Gandhi of India, who is trying to help find a solution to the ethnic conflict, had urged him to return her rights.

Mrs Bandaranaike leads the island's largest opposition party and without her help it would be difficult to implement any decision taken by the President on the conflict, analysts said.

Her party boycotted a conference on the problem in 1984. The meeting, attended by representatives of other political parties, religious organisations and ethnic groups including Tamils, collapsed after talks which lasted nearly a year.

Political parties and newspapers yesterday welcomed the restoration of her civic rights. "We are happy that even at this late hour, Mrs Bandaranaike's civic rights have been restored although we do not see eye to eye with her politically," said Mr K. P. Silva, secretary general of the pro-Moscow Communist Party.

Mrs Bandaranaike was a housewife when she took to politics after her husband, Solomon, was assassinated by a Buddhist monk in 1959 when he was Prime Minister.

She was an opposition MP when Parliament removed her civic rights. The SLFP was defeated in the last general election in 1977.

A parliamentary commission had recommended enforcing civic disabilities, saying she had abused her powers by continuing a state of emergency for six years without proper reason.

Defending her action in Parliament on the day she was expelled, Mrs Bandaranaike said she had not been given a fair trial and accused Mr Jayewardene of trying to assassinate her politically. Despite the political curbs imposed on her, she has kept herself in the public eye during the past five years by addressing public rallies except during elections.

Correction

In an article on the annual survey of US industry in yesterday's paper an incorrect figure appeared in a table headlined "Top ten manufacturing industries." The percentage growth in shipments' value for optical devices should have read 11 per cent.

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OVERSEAS NEWS

CARIBBEAN ENTERPRISE

Underground economies supplied by air

BY CANUTE JAMES, RECENTLY IN PORT OF SPAIN

BLEARY EYED, more than a little annoyed, and under the stern eyes of an impatient representative of the airline, two women ripped apart three large cardboard boxes. At 3.30 on a wet morning at Trinidad's Piarco airport it was hardly the sort of physical endeavour which the women would welcome.

The boxes came apart and spilled their contents. Several loaves of bread, chunks of cheese, bags of flour and powdered milk tumbled on to the floor.

The airline officials were having a difficult morning. The flight was due to leave Piarco at 5 am for Guyana. Most of the passengers were trying to check in more bags and boxes than they were permitted. Tempers grew shorter as the level of confusion, chaos and the volume of overweight increased.

This was one branch of the underground economy which has played a key role in keeping Guyana supplied with the goods which the official economy cannot afford.

The parallel market has flourished because of the inability of governments to keep up with demand for imported goods. Reduced output and weak prices for the traditional pillars of Caribbean island economies have left several strapped for hard currency to finance imports.

These scenes are not confined to Trinidad's airport, or to the Guyanese. Small traders from Haiti do much the same from Puerto Rico and the Dominican Republic, Jamaicans from Miami, the Cayman and Panama, Trinidadians from Venezuela's Freeport on Margarita Island.

This parallel market has flourished because of the inability of governments to keep up with demand for imported consumer goods. Reduced output and weak prices for the traditional pillars of Caribbean island economies — sugar, bananas, bauxite and oil—have left several strapped for hard currency to finance imports.

In addition to a range of food, the small traders find good business in clothing and footwear and motor parts. They consider their airline tickets, overweight and air cargo charges, and the sometimes punitive levies imposed by their domestic customs a small price to pay. They know they have a ready sellers market in which they can dictate prices and reap handsome profits.

Frequently, governments allow the parallel market to import items which are not permitted officially, preferring to collect the taxes. Obtaining the hard currency to finance their purchases has not proven a hurdle to the traders.

Jamaicans take with them rum, liqueurs and cigars; the Guyanese take gold (illegally) or buy US dollars at about three times the official rate. Haitians going to the Dominican Republic find ready acceptance of the Haitian currency, the gourd.

Regional airlines are ambivalent in dealing with the small traders, now established as a high volume market among Caribbean commuters.

"They do present a problem," says a representative of Air Jamaica, who asked not to be identified

Yet, he says, the existence of the parallel market and the growing volume of small traders has guaranteed relatively high seat occupancy levels which have increased the airline's revenues.

The parallel market run by the region's small traders represents but one aspect of efforts to fill the breach in troubled economies. Less immediately obvious are millions of dollars in repatriated funds sent by relatives who have migrated.

There are clearly no precise figures as to the amount of money repatriated. Earlier studies done in the United States suggested that between 1968 and 1976, migrants sent back about $2.5bn to the Caribbean.

Government officials in Santo Domingo say the country's economy receives about $300m each year from Dominicans in the US. The local benefits of these remittances are increasing, they say, with last year's 66 per cent devaluation of the peso. Bankers say the funds provide invaluable support for the country's weakened economy.

The funds would also go a long way in Jamaica, where the currency has been devalued by 70 per cent in the past 12 months. Remittances to Jamaica come in from Britain, Canada and the US.

Studies of the Haitian economy reveal that the remittances by migrant relatives are about $100m per year—an amount which would provide a basis for the economy of the poorest country in the hemisphere. An additional $40m goes into Haiti through church-affiliated organisations and charities.

Governments have a dilemma in their approach to the remittances. The funds fuel purchases of consumer imports, harming efforts to cut consumption and concentrate on imports of raw materials and machinery for industry.

Yet, such is the value of the inflows that bankers fear government attempts to intervene either by legislating that all the funds be exchanged in local banks, or by attempting to levy taxes, could bring greater economic dislocation.

There is a darker, and illegal, side to the Caribbean's black economy, particularly in Belize and Jamaica. Both countries have been important sources of marijuana smuggled into the US.

But earnings from the export of the drug are being reduced. Under US pressure, including a threat of moves to withholding financial aid by some legislators, both Governments have announced success in eradicating marijuana farms and curbing smuggling.

UK and Australia to discuss nuclear test compensation

AUSTRALIA WILL press its case to Britain next week for millions of dollars in compensation for the radioactive debris of nuclear tests dating back 30 years, Reuter reports from Sydney.

The Foreign Ministry said senior officials from both governments will hold talks on an Australian probe into the effects of the tests carried out in South Australia during the 1950s and '60s.

The two-day talks will precede high-level ministerial discussions in London at the end of the month.

The inquiry estimated a clean-up to make the desert test sites safe for their traditional aboriginal owners to live in could cost more than A$150m (£98m).

Britain has repeatedly refused to pay compensation relating to the tests but agreed last month to discuss with Australia "those aspects (of the inquiry) which concern them both."

The Australian Government set up a Royal Commission of inquiry in July 1984 after claims that soldiers and aborigines in the test areas were exposed to dangerous radiation levels.

The commission's report, published early last month after a year of public hearings in London and Australia, criticised both the British and Australian Governments' involvement in the test programme.

It said the Australian Government should compensate aborigines who lived in test areas.

India's Finance Minister to visit Pakistan

INDIA'S Finance Minister will visit Pakistan next week to discuss expansion of economic ties between the two neighbouring countries, a Government spokesman told AP in New Delhi yesterday.

Mr Vishwanath Pratap Singh will visit Islamabad on January 8 and 9 to meet Mr Mahbub ul-Haq, Pakistan's Finance and Planning Minister, and other senior officials.

Prime Minister Rajiv Gandhi and President Mohammad Zia ul-Haq decided to expand trade and economic co-operation between their countries during President Zia's first official visit to New Delhi on December 17. In a significant improvement in bilateral relations, the two leaders agreed not to attack each others nuclear facilities.

Mr Gandhi has often alleged that Pakistan's nuclear programme is aimed at making a bomb, but Pakistan says it is committed to the use of nuclear energy for peaceful purposes.

The foreign ministries of the rival countries also are scheduled to meet later this month to discuss a comprehensive peace treaty. India and Pakistan have fought three wars since the subcontinent was divided and freed from British rule in 1947.

WORLD TRADE NEWS

Ozal: boosting trade ties

Turkish leader heads trade mission to Iran

MR TURGUT OZAL, the Turkish prime minister, flies to Tehran today with a 200-strong official and business mission for a four-day visit expected to focus almost exclusively on the growing trade ties between the two countries.

His delegation includes 150 private businessmen hoping for new orders after last week's visit to Iran by Mustafa Tinaz Titiz, the Minister of State, who signed an accord on boosting trade.

Mr Titiz said on his return it was hoped the value of bilateral trade would rise to at least $3bn this year from $2.3bn in 1985, when Iran was Turkey's second largest trade partner after West Germany.

Mr Titiz said Turkey hoped to help Iran build factories and refit and supply others in the cement, ceramics, machine tools, automobile, electric and electronic industries.

Mr Ozal, who is to meet Mir-Hossein Mousavi, the Iranian Prime Minister, is taking with him top officials including Mr Mr Titiz, Mr Yavuz Canevi, the Central Bank Governor and Mr Ekrem Pakdemirli the Trade Undersecretary.

Turkey exports a wide range of finished and semi-finished products to Iran and imports mainly oil, of which Iran is its main supplier.

Mr Ozal's trip to Tehran is also likely to set the seal on a planned pipeline for Iranian oil through Turkey, the officials said. Mr Ozal's chief adviser, Mr Adnan Kahveci, and Mr Nezihi Berkman head of Botas, the state-owned pipeline authority, finalised details in Tehran last month.

The $6m project would link Ahvaz in southwest Iran with Iskenderun Bay on the Mediterranean.

Reuter

Bull in joint venture with Olivetti

BY PAUL BETTS IN PARIS

BULL, THE nationalised French computer group, and Olivetti of Italy have teamed up to develop and produce jointly a new generation of automated bank teller and electronic cash distribution machines.

The joint venture, 51 per cent held by the Italian electronics concern and 49 per cent by the French nationalised group will help both companies to rationalise development costs of these new machines as well as offering them better chances to penetrate new markets.

This is especially the case for Bull whose bank teller and cash distribution business is concentrated at its Transpac subsidiary which it absorbed from the nationalised Compagnie Generale d'Electricité group as part of the Socialist government's electronic industry reorganisation programme. Transpac up to now has essentially focused on the French market and the venture with Olivetti is expected to give it opportunities in new European markets.

Although no figures have been disclosed for the joint venture, Bull officials confirmed yesterday that the new venture would invest in new plants to produce the future line of bank teller and cash distribution devices.

The Bull-Olivetti agreement marks a further return of Olivetti in collaboration with French electronics companies. The Italian concern recently linked up with Thomson, the French nationalised defence and electronics group, to collaborate in the microcomputer and home computer field.

Until these agreements, Olivetti had been principally concerned with buying back the 10 per cent remaining stake held by France in the Italian group. Moreover, a joint venture between Olivetti and Cit-Alcatel, the CGE telecommunications subsidiary, to manufacture electronic typewriters has been shelved, although the two companies have never officially said they were abandoning the typewriter venture.

Originally, Saint Gobain, the French glass and engineering group, acquired a 33 per cent stake in Olivetti. But after Saint-Gobain's nationalisation by the French left in 1982, the government transferred most of the Saint Gobain holding in Olivetti to Bull and later a 10 per cent stake to CGE.

After buying back the Bull shares, Olivetti deeply irritated the French government by selling a large stake in the Italian company to American Telephone and Telegraph (AT&T). Although the latest collaboration deals with Bull and Thomson suggest improved relations between Olivetti and France, the Italian group is still understood to be seeking to buy back the remaining 10 per cent stake held by France.

French claim AT&T products too expensive

BY OUR CORRESPONDENT IN PARIS

FRENCH telecommunications experts claim that public telephone exchange equipment which American Telephone and Telegraph (AT&T) is proposing to supply to the French post and telecommunications authority (PTT) would cost up to 20 per cent more than equivalent French equipment.

This is the main conclusion of a preliminary report drawn up by French telecommunications technicians delivered yesterday to Mr Jacques Dondoux, the head of the French telecommunications authority, Direction Generale des Telecommunications (DGT).

The report is part of the long drawn out evaluation process of the merits or shortfalls of the US company's public switching equipment to help the French government decide whether to give the final go ahead to a controversial deal between AT&T and Compagnie Generale d'Electricite (CGE), the nationalised French electronics group.

In return for helping CGE sell its digital telephone switching equipment in the US and form a joint venture in the microwave field, AT&T could gain a 16 per cent stake in the French public telephone market.

The French government, which is unlikely to take a decision before the general elections next March, has asked CGE and AT&T to renegotiate their agreement to try to get the US company to improve its offer.

The preliminary technical report handed to Mr Dondoux yesterday will be followed up with a more detailed final report to be completed by February 15. But the findings of the preliminary report are clearly designed to strengthen the French case to persuade AT&T to improve its offer since French telecommunications officials suggest that the 20 per cent overcosts is too high. Moreover, in an apparent further effort to put pressure on AT&T, the French telecommunications authority is also currently testing the rival System 12 public switching equipment produced by ITT.

Yamanouchi to set up drug venture in Ireland

By Yoko Shibata in Tokyo and Hugh Carnegy in Dublin

YAMANOUCHI Pharmaceutical, Japan's major pharmaceutical maker, plans to build a plant near Dublin to make an anti-ulcerant drug. The plant is understood to be the first such Japanese pharmaceutical venture in Europe and represents a big boost for Ireland's Industrial Development Authority (IDA).

Under the deal, not yet officially announced but disclosed in Tokyo and confirmed in Dublin, Yamanouchi plans to invest Y3bn-Y4bn (£10.3m-£13.7m) initially to start construction of a plant by May, 1986, and to begin producing the "gaster" drug from 1988.

The plant, which will employ 100, will eventually produce other drugs, such as antibiotics and calcium antagonists. Its aim is to supply US and European drug manufacturers under licencing agreements.

This will make Yamanouchi the first of Japan's drug makers to have overseas production outlets for its new drugs. Bulk supply of gaster is already under way to Merck Japan, a subsidiary of the US company.

The IDA is understood to be buoyed by the deal. The Irish organisation's efforts to build up high-tech industry suffered setbacks in 1985 in the electronics sector with the collapse of Mostek, the US semiconductor maker which had a Dublin plant, and the shelving of a major investment plan by Advanced Microelectronics also of the US.

The IDA has been working hard to attract Japanese investment, which at the moment lags far behind major investments from the US, the UK and West Germany.

Among Japanese companies in Ireland are NEC and Fujitsu. Some 350 US companies are established in Ireland, providing 40,000 jobs, with another 200 from the UK, providing jobs for 18,000 and 140 from West Germany, employing 10,000.

Four small British companies last month announced plans to set up Ireland operations. They are Express Dairies International Services, Kerridge Computers, Northgate Computer Services and the Telecomputing company. The four companies will employ 100.

Hungary reduces taxes on foreign joint ventures

BY LESLIE COLITT IN BERLIN

HUNGARY HAS sharply reduced taxes for joint ventures with Western companies and will permit westerners to set up and run their own hotels and pensions without a Hungarian partner.

Taxes on profits have been halved to 20 per cent in the first five years of operation. Joint ventures in some areas of production will pay no profits tax for the first five years and reduced rates thereafter.

The measures, which were introduced on January 1, are designed to attract hard currency into Hungary which suffered a sharp drop in convertible currency earnings last year. One of the few exceptions was tourism which ran a healthy surplus.

Westerners who want to operate their own hotels in Hungary will be given long-term leases for the sites according to Dr Imre Vincze, Deputy Minister of Domestic Commerce.

A leading Western producer of sports wear, Adidas of West Germany, has taken advantage of the new tax measures to set up a joint venture with the Hungarian Foreign Trade Bank and three foreign trade organisations. Adidas will hold 51 per cent of the working capital of Florints 30m (£441,000).

Adidas Budapest GmbH is to produce a range of sports attire in Hungary and will set up its own retail outlet in Budapest.

A Hungarian-West German joint cosmetics venture, Caola-Schwarzkopf, announced last month it was raising its capital to Florints 44m and would nearly double production

Japanese car exporters boost West German sales

BY JOHN DAVIES IN FRANKFURT

JAPANESE CAR manufacturers have made further headway in West Germany, increasing their sales and market share for the third year in succession.

The number of Japanese cars sold in West Germany last year exceeded 300,000 for the first time, compared with 88,160 in 1984.

Final figures are not yet available, but the Japanese are understood to have taken more than 13 per cent of the market, up from 12 per cent in 1984.

As a large and wide-open market, West Germany has been one of Japan's most important European targets, especially in view of the keen watch being kept on Japanese car imports in France, Italy and the UK.

Most West German car manufacturers are relaxed about the Japanese advance, pointing out that French and Italian car imports have been the main sufferers. The West German car industry as a whole is fervently in favour of free trade, as it is exporting 60 per cent of its own production.

But Mr Daniel Goeudevert, Ford's chief executive in West Germany, has been vocal in criticising Japanese imports into Europe as a threat.

The Japanese made their biggest advance in West Germany in 1980, when their market share jumped to 10.4 per cent from 5.6 per cent in 1979. Sales and market share then slipped for two years, reaching 211,214 or 9.8 per cent of the market in 1982, before rising steadily again.

Boeing rides high on the crest of a wave of new aircraft orders

In the first of a three-part series **Michael Donne**, Aerospace Correspondent examines Boeing's plans to meet airline demand for new equipment for the rest of this century

VISITORS to Boeing Commercial Airplane Company cannot help but feel a pervasive air of confidence emanating from the giant airframe manufacturer's Seattle base.

It stems from several factors. One is that, despite undeniably fierce competition from both Airbus Industrie of Western Europe and McDonnell Douglas of the US, especially in the short-to-medium range jet airliner market, Boeing has just had its fourth-best year ever, with sales of 362 aircraft of all kinds firmly logged, and many additional aircraft on option.

This compares with the 364 aircraft logged in 1966, 412 in 1965 and 461 in 1978—still the best year ever for Boeing. In value terms, however, 1985 is already a record, at over $13.6bn (£9.4bn) of new orders.

These results demonstrate Boeing's long-held belief of a major re-equipment tide in the mid- to late-1980s is coming true, with airlines replacing ageing jetliners of all types, and also buying to meet anticipated traffic growth. Boeing's forecast is for overall world jet sales of $135bn by 1995, covering some 4,000 jets, mostly (2,727) in the single-aisle twin-engined short-to-medium range market.

With its four major civil programmes—the 747 Jumbo, the 767 twin-engined medium-to-long range jet, the 757 twin-engined short-to-medium range jet, and the smaller 737 twin-engined, short-range jet, of which all are being produced in several versions—Boeing is better placed than either of its rivals to win a major share of the market, as its current sales figures demonstrate.

Boeing also believes that the big surge in new orders also illustrates airline confidence in its products, despite the accidents of the past few months to the Air-India and Japanese 747s and the 737 at Manchester.

In particular, Boeing engineers believe that the accident to the Air-India jet off Ireland in June was caused by sabotage of some kind, a belief which the Indian judge presiding over the inquiry into the accident appears to share.

This in turn helps strengthen the belief in the structural integrity of the 747—which, with 676 ordered and 625 delivered, is of vital significance for the future, with hopes of sales of over 1,000 Jumbos before the end of the century.

Perhaps most stimulating of all is that Boeing is now working on a new airliner programme, the twin-engined, short-to-medium range 150-seater 7J7. Intended for service in 1992, it will use the revolutionary prop-fan engine now under development by all the major engine manufacturers, with General Electric of the US clearly in the lead.

The prop-fan, which GE calls an "unducted fan" or UDF, harnesses a gas-turbine engine to a new type of propeller, or "propulsor," shaped more like a ship's screw than a conventional propeller. The result is a substantial saving in fuel consumption, which Boeing sets at up to 25 per cent better than the fuel used in new turbo-fan type engines such as the V-2500 destined for the 7J7's rival, the Airbus A-320.

Combined with a vast array of other new technologies, from new metals such as aluminium-lithium, through to new materials such as thermoplastics, and new flight deck systems and new methods of engineering manufacture, Boeing believes it can get the cost of the 7J7 down so substantially, both to buy and to fly, that airlines could not resist ordering it, even though it will not emerge until 1992, four years behind the A-320.

Boeing points out that many of the big orders for short-to-medium range jets seating up to about 150 are not going to the A-320 (despite the aircraft's success in recent months) but to its own 737-300 and the rival McDonnell-Douglas MD-81/82/83 series of twin-jets.

So far this year, Boeing has won 252 new orders for the 737-300, bringing total tales of that version to 414 aircraft, and total sales of all 737s to 1,535. Boeing believes that eventually, the 737 will become the world's most popular jet, exceeding the 1,831 sales of the earlier Boeing 727 tri-jet, now out of production.

Boeing now has some 28 separate new sales campaigns world-wide running on the 737-300, and orders taken now will be for delivery in 1987-88, or about the time that the A-320 comes into service.

This means that airlines which could have ordered the A-320 without losing any competitive edge on delivery dates have not done so, but have chosen instead the 737-300 or the rival MD-80s. Boeing interprets this as indicating those airlines' desire to buy a proven interim aircraft, and to wait and see how the 7J7 compares with the A-320 before committing themselves.

This suits Boeing well, and also to some extent McDonnell-Douglas, which is preparing its own rival to the 7J7 in the shape of the MD-91X, also using the GE Unducted Fan engine.

Boeing has not yet formally committed the 7J7 to full-scale manufacture, and will not do so until early 1988 but it is nevertheless a serious programme on which many millions of dollars are being spent. Boeing already has over 700 engineers, designers and other personnel working on it.

Over the next 18 months, in consultation with airlines, it will settle the design. At the same time, GE will be flight testing its engine, on a Boeing 727 flying test-bed. McDonnell-Douglas will start similar flight trials on an MD-80 in 1987.

A production go-ahead on the engine is expected in late 1986, enabling Boeing to start full-scale engineering on the 7J7 in mid-1987. A full 7J7 production go-ahead, with a full system specification, will be given in the spring of 1988. In-service target will be early 1992.

By 1988, if all goes well, Boeing will have also signed contracts for many hundreds of millions of dollars with sub-contractors and suppliers world-wide.

Airbus Industrie does not share Boeing's views, either about the A-320 or about the prop-fan engine. It feels its own product will be the most advanced airliner available technologically by the late 1980s, and does not seem to be too concerned about Boeing leap-frogging it with the 7J7.

Boeing itself has a healthy respect for Airbus competition, and there is no doubt that under the recently reshuffled top management at the Boeing Commercial Airplane Company, with Mr Dean Thornton now the president, the new emphasis is on a major sales effort, not only on the 7J7, but also across the spectrum of all Boeing's other types of aircraft.

Boeing believes however that it has nothing to lose by banking heavily on the 7J7 with the prop-fan being a success. If the worst were to befall, and by mid-1987 it was clear that the prop-fan was likely to be delayed for some technical reason, Boeing could immediately open another drawer in the design office, and offer the airlines yet another new version of the 737—perhaps called the 737-500.

This could be developed swiftly utilising much of the new technology already being developed for the latter aircraft, but using also the new IAE V-2500 or CFM-56-5 engines.

The sales battles worldwide have been fierce enough in the past year or so. Every sign is that they are going to get tougher, as the big three — Boeing, McDonnell Douglas and Airbus—struggle for the most lucrative airliner markets of all time.

Maiden flight for Fokker

BY OUR AEROSPACE CORRESPONDENT

THE PROTOTYPE of the new Fokker 50 twin-engined turbo-propeller short-haul airliner made its maiden flight last Tuesday from Amsterdam's Schiphol international airport.

This aircraft is the replacement for the now ageing Fokker F-27 twin turbo-prop airliner. Fokker 50 sales to date total 38 aircraft (and 12 options) to six customers in six countries.

The aircraft will now undergo an extensive flight test programme, designed to gain a Certificate of Airworthiness in December, 1986, to enable deliveries to start early in 1987.

This flight test programme will cover some 650 flying hours. The second prototype is due to fly in February. In April, both aircraft will fly to Granada, Spain, for noise and take-off and landing tests, away from the bad weather of Northern Europe.

The Fokker 50 is designed to carry up to 50 passengers (58 in a high density lay-out), and is powered by two Pratt & Whitney (Canada) PW-124 turbo-prop engines using Dowty Rotol propellers.

UK NEWS

Union Act prescribes 'horrific' bouts of balloting for doctors

BY DAVID BRINDLE

ELECTION FEVER threatens to grip Britain's doctors for six months every year under the British Medical Association's (BMA) plans to comply with requirements of the Government's Trade Union Act.

The BMA, which tried unsuccessfully to win exemption from the act, intends to ballot its 63,000 practising members three times a year in a rolling programme of elections to the association's governing council.

The plans are by far the most elaborate response to date to the act's stipulation of secret individual ballots in elections of voting members of unions' governing bodies. Hitherto, the BMA has simply elected its council on a show of hands at its annual general meeting.

Mr Michael Lowe, the BMA under secretary responsible for elections, yesterday admitted that the prospect of non-stop balloting from January to June every year was "quite an horrific thought."

The BMA is one of a number of professional associations registered as trade unions and therefore caught by the act's election provisions, which came into force last October. It regards its own reforms as unnecessary, observing that the legislation was designed to control "inveterate" unions – rather than its good self.

None the less, it intends to respond vigorously with saturation balloting which will cost an estimated £85,000 a year, some £50,000 of which should be recoverable from the Government under reimbursement arrangements.

The BMA's first annual direct elections will open on January 11, with six separate "craft" section ballots to return 23 voting council members. Results will be declared on March 8, when elections for 17 regional representatives will commence. These will end on May 3, when a third contest will begin to elect four national representatives.

Other professional associations affected by the act are taking a somewhat less dramatic road to true democracy, as prescribed by the Government.

The 25,000-strong Royal College of Midwives has called an extraordinary general meeting later this month to change its election procedures. It considers the exercise "fairly unnecessary." The British Dental Association, with 16,000 members, thinks the act is "not terribly relevant" but will make changes next June, all the same.

Some organisations have apparently yet to realise they are affected by the act, however.

Mr Gordon Taylor, secretary of the 3,000-strong Professional Footballers' Association, was yesterday surprised when told the association should no longer be electing its management committee at an annual general meeting. He said: "I'll have to look into that. Which was the act again?"

Maxwell plans rival to new Shah newspaper

BY JOHN LLOYD AND RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers (MGN) is planning a new national popular daily paper which could be launched as early as March.

The colour newspaper, which has the working title Good Day, would be aimed at Mr Eddie Shah who is planning to launch his new national newspaper in March.

"We have a competitor to Mr Shah which might see the light of day before Mr Shah," Mr Maxwell said yesterday. Dummies have already been produced of the new Maxwell newspaper which show a heavy emphasis on television, sport and pin-up girls. The cover price on the dummy is 15p.

"There is a very strong possibility that we will have a colour daily out this year," said Mr Maxwell who made it clear he was already in talks for contract printing of the new daily.

He was speaking about expansion plans at MGN after the successful completion of union agreements which have led to loss of 2,100 jobs – all but 300 through voluntary redundancy.

The cost savings made new titles possible, Mr Maxwell emphasises. In addition to the possibility of a new national daily Mr Maxwell said he was planning a Women's Mirror – a weekly magazine in newspaper format.

A new Maxwell London evening newspaper was also now "a fairly good certainty" particularly if Mr Rupert Murdoch's plans for his own evening paper for the capital were delayed.

The proprietor of the Mirror said the newspaper was profitable from the first day of the new year because of the cost cutting agreements. "The business is profitable from yesterday. This company is now able to face its future and show a proper return on capital and be successful, viable and profitable," Mr Maxwell said.

Apart from the 2,100 people who left, Mr Maxwell also has a "non-automatic replacement" agreement and all overtime has been banned in all departments except with the express permission of Mr Maxwell.

Mr Maxwell did not disclose what the redundancies had cost but said the changes had been financed from a surplus of more than £100m in the group pension fund. The direct charge to MGN had been minimal, he said. The right to manage had been reasserted totally, he added.

In a new year message to all MGN employees today Mr Maxwell said the new agreement was based on "the responsibility and exclusive right of management to manage and that of the recognised trade unions to represent their members."

Austin Rover output rises 22% in year of least labour unrest

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AUSTIN ROVER, the volume cars division of state-owned BL, claimed yesterday a 22 per cent rise in output over the last year to reach the highest level since the late 1960s.

The company attributed the rise in production from 389,000 to nearly 476,000 to good labour relations. Austin Rover said 1985 marked a record with the least time lost because of disputes – only 0.05 per cent of production time was affected compared with 6.3 per cent for the previous year.

The company's success in raising productivity failed to yield a corresponding improvement in sales in what has proved to be a record year for UK car registrations.

Latest figures circulating within the industry last night, show that the sales total for 1985 was more than 1.825m (1.791m).

Registrations have been inflated by the scramble for sales with the major assemblers offering special deals and discounts in a cut-throat market.

Ford, which saw its share slip to around 26 per cent, in the first 11 months of the year, finished strongly in December, taking more than 30 per cent of the market.

General Motors, the Vauxhall-Opel group, believes that the launch in Britain this year of its Belmont competitor to the Ford Orion will boost its UK market share from 17 per cent to 18 per cent. Austin Rover, which in November and December saw sales fall to little more than 14 per cent, has launched a campaign intended to pull back penetration to more than 18 per cent.

John Griffiths writes: UK prices of BMW cars are to rise by an average of 1.8 per cent from January 13.

Last year, BMW increased its prices oy an average of 4.4 per cent, compared with an overall inflation rate of 6 per cent.

BMW (GB), the wholly BMW-owned importer, increased its sales by nearly 30 per cent last year, to just over 33,000, representing a market share of around 1.85 per cent. No further expansion is expected this year because BMW plants are now running at full capacity.

Growth is expected to resume in 1987, after bringing on stream a new car assembly plant – BMW's sixth – at Regensburg, West Germany.

Bank defies Exchange over trading in shares

BY CLIVE WOLMAN

ROBERT FLEMING, the merchant bank, is to begin making a market in the shares of six leading UK pharmaceutical and chemical companies on Monday in defiance of the Stock Exchange's pleas for all equity trading to continue through a central market.

A two-man dealing desk backed by research analysts will begin making a market in the shares of Amersham International, Beecham, Fisons, Glaxo, ICI and Smith & Nephew. Since September 1984, Robert Fleming has been making a market in leading electrical stocks and now covers 37 companies. The move led to a public rebuke from Sir Nicholas Goodison, the stock exchange chairman.

The companies whose shares are to be traded by the bank from Monday onwards will account for about 20 per cent of the London stock market in terms of market capitalisation, according Mr David Pearson, chairman of Robert Fleming Securities.

In the spring, the bank intends to start trading the shares of another 10 leading European pharmaceutical and electrical companies. Mr Pearson has, however, ruled out any further expansion of Robert Fleming's market-making activities into other UK industrial sectors before the deregulation of the stock exchange takes effect in October.

"No one knows what the market will be like after October, but we will have an important advantage over other people through our experience in making markets," said Mr Pearson. "The attitude of the stock exchange is becoming much more understanding and in due course we shall apply for membership."

The bank's revenue from trading is planned to come mainly from the spread it will quote between the buying and selling prices of shares. No commission will be charged and the bank's exposure to stock-market price fluctuations will be very limited.

Mr Pearson confirmed yesterday that in its first year the bank's market-making in electrical stocks had shown a loss but "one no greater than expected when you set up a new business." Over the last three months, the operation had shown a profit exclusive of overheads. In terms of value, Robert Fleming now accounts for 10 to 15 per cent of the equity trading in the electricals sector, he said.

Insurance group buys car repair unit

By Eric Short

GUARDIAN Royal Exchange Assurance (GRE), Britain's largest private motor insurer, yesterday announced its move into the motor repair business with the acquisition of the Ladbroke Motor Group, which is based in Leamington Spa, south Midlands.

Motor insurers over the past few years have been faced with rising claims for car repairs and parts – costs that are mostly outside the direct control of the insurance company.

The classic answer to rising claims costs is to increase premium rates and substantial rate increases have been made during 1985. GRE, which covers more than one million motorists, put its rates up last month by 9 per cent.

However, because of growing consumer resistance to increases, insurers are seeking ways to control claim costs, and the ultimate method is to control the motor repairers.

GRE said that for the past two years, it had been seeking to acquire a garage with the right combination of experience, expertise and technical reputation in specialist repairs.

Several repairers were considered. No details were given by GRE of the price paid, but it is understood to be less than £1m.

The pioneer of such moves was General Accident, another leading motor insurer, which last year took a 49 per cent stake in the Folkestone, south coast, garage Auto Craft.

GA designated its garage a General Accident Repair Centre and its policyholders are invited to have their cars repaired there. Mr Tom Roberts, GA's general manager, UK, reports a rise in the repair business at Auto Craft.

GRE plans a similar stance with its policyholders. Mr Sid Hopkins, GRE's general manager, UK, said Ladbroke Motors was six times as large as GA's repairs and was more centrally placed.

He said the repair service would be offered to policyholders, but they would be able to have repairs done at a garage of their choice.

Ladbroke Motors specialises in restoring vehicles usually regarded as useful only for scrap. Insurers are becoming increasingly conscious that restoring vehicles would be more profitable than selling for scrap metal.

GRE will guarantee restored cars and partially equip its own company fleet with restored cars.

GRE hopes to extend the operations of Ladbroke Motors to include high class reclaimed parts from cars too badly damaged to restore.

Marconi's financial director for STC

STC, the troubled telecommunications and computer group, has made further board changes including recruiting a second senior person from Marconi part of the General Electric Company (GEC), Jason Crisp writes.

The latest moves mean that almost all the executive directors of STC will have changed since Sir Kenneth Corfield, the former chairman and chief executive of the company resigned in August.

Mr Arthur Walsh, the new chief executive of STC, has recruited his former colleague Mr Roy Gardner, finance director of Marconi, to become director, financial controls. Before he joined STC Mr Walsh was managing director of Marconi.

Mr Alex Park who was director, financial controls at STC has been made deputy chief executive. Mr Gardner will report to Mr Park who is now responsible for STC's finance and administration.

Two more board members have left the company. Mr John Cottrell and Dr John "Jack" Shields have both taken early retirement. Seven executive directors have now left the company and one is on extended leave and is not expected to return.

The company now has seven executive directors and eight non-executives. Lord Keith, chairman of STC and architect of the shake-up, is likely to appoint further executive directors and will probably reduce the number of non-executives.

□ CARGILL of the US, the world's largest grain trading company, is to acquire the Seaforth soyabean processing operations of Continental Grain at Liverpool. No price has been disclosed.

Mr David Nelson-Smith, director of Cargill UK, said the Seaforth plant, together with Croda Oils, would give the company about 20 per cent of the UK market in refined soyabean oil.

□ COURTAULDS has agreed to buy the name and selected assets of Berlei (UK), the loss-making South Wales lingerie manufacturer.

All 440 Berlei employees were dismissed after the company went into receivership five weeks ago. A new operating company to be called Berlei and owned by Courtaulds' textiles division might employ up to 150 people, Courtaulds said yesterday.

□ AUSTRALIA and New Zealand Banking Group (ANZ) has launched a merchant banking subsidiary in London as part of an interested operation with the stockbroking firm, Capel-Cure Myers. ANZ is to acquire Capel-Cure Myers in March when stock exchange rules are relaxed.

□ BP OIL is to relocate its head office operations outside London. Details of the move will be announced next week. The company occupies BP House, one of the largest office buildings in Victoria, London, which will become available on the letting market.

LADBROKE INDEX
1,142-1,146 (+9)
Based on FT Index
Tel: 01-427 4411

Journalists suspended by BBC

By Raymond Snoddy

TWO BBC journalists have been suspended without pay for three months for using "unjustifiable threats" to get an interview for a series entitled Rough Justice. Mr Martin Young, a reporter for the programme, and Mr Peter Hill, producer, have also been given a "severe and final warning."

Neither will be employed in any form of BBC investigative journalism for two years. There will also be a review in nine months to see that they have been properly redeployed.

Rough Justice is a series that investigates potential miscarriages of justice. It has led to convictions being set aside.

Mr Bill Cotton, managing director of BBC Television, said yesterday that an internal investigation had established that the journalists had used threats to get an interview for a programme dealing with a man's conviction for burglary. In quashing conviction on appeal last month, Lord Chief Justice Lane criticised "outrageous investigation methods" of the BBC team.

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	†11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12 %
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	‖12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk	*11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
§ Demand dep. 8%. Mortgage 12%.

Traders expect decline in base metal prices

BY STEFAN WAGSTYL AND ANDREW GOWERS

LONDON metal and soft commodity brokers are expecting little joy from their markets this year, an informal Financial Times survey shows.

The poll shows that a majority of traders on the London Metal Exchange, the world's leading metals market, expect sterling prices of most of the base metals traded there to decline in 1986. According to an average of forecasts from a sample of brokers, nickel and zinc prices will lead the fall, dropping by nearly 20 per cent and almost 16 per cent respectively from their 1985 average levels.

The exception to the trend is expected to be aluminium, for which the forecast average is about 2 per cent above its 1985 level.

However, if currencies perform as brokers are expecting (the mean forecast is that sterling's exchange rate against the dollar will be $1.50, compared with $1.45 at the close on New Year's Eve and an average of $1.30 in 1985), prices of copper and lead might also rise in dollar terms in 1986.

The relative gloom over metals prices reflects the fact that production has not been reduced sufficiently over the past year to match demand. That has contracted in spite of economic growth in Western countries because metals are used less intensively in growth areas of the economy such as electronics and pharmaceuticals.

The base metal market is also overshadowed by the continuing tin crisis. Since tin dealings on the LME were suspended last October, trading in other metals has also fallen. Brokers have become more wary of opening contracts with each other, because some LME members might be bankrupted by losses on tin.

Traders believe that most soft commodity markets will continue to be overhung by overproduction. Last year, surplus stocks helped to drive free market sugar prices, for example, to an all-time low in real terms, although they have recovered somewhat since. Dealers believe sugar prices will stay within their current range, around 5 US cents a pound (or its equivalent), for much of this year.

Relatively weak prices are also forecast for cocoa, rubber, cereals, oilseeds, meat and dairy products. But coffee prices, which increased dramatically in the last two months of 1985 as a result of expected drought damage to this year's key Brazilian crop, are expected to resume their rise in the next few weeks, and there is some hope that tea prices – which plunged over the last year – might firm in the spring as consumption picks up and exporters begin to rein back production.

MARKET EXPECTATIONS
(based on LME brokers' forecasts)

	1986 forecast average	1986 range of forecasts cents per lb	1985 average	1986 forecast average	1986 range of forecasts £ per tonne	1985 average
Aluminium	56	50/60	48	831	816/869	814
Copper	69	64/75	65.1	1,023	930/1,090	1,104
Lead	19	18/20	17.9	284	270/310	304
Nickel	206	188/218	227	2,093	2,900/3,204	3,946
Zinc	34	32/37	35.1	501	450/550	595
	$ per troy ounce			£ per troy ounce		
Gold	326	308/350	318	—	—	—
Silver	6.06	5.50/6.40	623	4.04	3.43/4.51	4.79
$/£ rate	$1.50	$1.35/1.60	$1.30	—	—	—

Alliance calls for ministry of justice

By A. H. Hermann, Legal Correspondent

THE ESTABLISHMENT of a "strong and independent" Department of Justice, flanked by a Judicial Services Commission appointing judges, and by a seperate department for the Government's legal services is urged by the Social Democratic Party (SDP)/Liberal alliance.

Proposals published today jointly by the SDP working party on citizens' rights and the Liberal Party's law panel are critical of the present administration of justice which are seen as "archaic, inconsistent and fragmented."

"Increasingly paralysing schizophrenia" of the Home Office, charged with the incongruous tasks of security and of safeguarding liberty, had led to an over-emphasis of security to the detriment of liberty.

As a result, the Home Office had been resisting a number of essential reforms concerning data protection, official secrets, freedom of information, complaints against the police, human rights and immigration appeals.

A way out of the "muddle and mischief of the current system" was the establishment of a ministry of justice of the type existing in the Commonwealth countries of continental Europe.

The new Department of Justice would be responsible for the state of the law in constitutional, administrative, civil, commercial and criminal matters as well as compliance with international and European Community law.

This would include responsibility for law reform and the Law Commission, which should be given greater opportunities for making independent proposals. Judges should be proposed for appointment by a newly created Judicial Services Commission, but the actual appointment tenure and conditions of service of all judicial officers as well as the procedure and administration of all courts and tribunals would be ministerial responsibility.

This would mean that criminal law as well as the procedure of magistrate courts would be removed from the sphere of the Home Office.

The prosecution service would be headed by the Director of Public Prosecutions

Many resort hotels 'unsafe'

BY ARTHUR SANDLES

MANY OF the hotels used by Britons at European resorts this year will be dangerous – with physical hazards for young and old and insufficient precautions against fire, the Consumers' Association claims.

A report in its magazine Which? says that unsafe lifts, hazardous balconies, poorly designed stairs and lack of indications to fire escape routes were all noted by the association's inspectors when they visited 100 hotels used by British tour operators.

The hotels were in Greece, Italy, Portugal, Spain and Yugoslavia. The association is urging tour companies to put pressure on hoteliers to improve standards, to make inspection reports available to travel agents and to warn customers of severe hazards.

"Hardly any of the foreign hotels we saw measured up to the safety standards which are required in Britain," the report says. "From our small sample, no one country appeared significantly worse than any other. We were particularly concerned by the prevalence of lifts without internal doors, which remain common despite their widely publicised dangers."

Other areas of concern, says the association, include inadequate railings on stairs and balconies, lack of life-saving equipment at swimming pools and dangerous beds for young children.

As part of its holiday buying guide Which? says that the best value for a sunshine holiday next summer can be found in the Costa Brava and the Costa Blanca in Spain. The cheapest country for holiday living is Turkey, followed by Greece and Yugoslavia.

● London needs between 6,000 and 12,000 new hotel bedrooms if it is to cope with the tourism demand of the immediate future. Already many hotels are completely full in high season and, according to a new analysis of the capital's hotel business, "there is a tremendous temptation for hotels continually to increase their tariffs".

The report, from estate agents Jackson-Stops and Staff, says hoteliers have enjoyed two booming years. "If the indication of forward bookings is to be believed, 1986 would complete an unprecedented three-year run of profits."

FT

FINANCIAL TIMES CONFERENCES

REGULATING THE FINANCIAL SERVICES INDUSTRY

LONDON, 21 & 22 JANUARY 1986

This major January meeting organised with the assistance of Deloittes will provide a thorough assessment of the regulatory scene in the light of the Financial Services Bill and the role and strategy of The Securities and Investments Board. The first afternoon will be devoted to presentations by the Self-Regulatory Organisations and the second day includes workshop sessions which are designed to look closely at the practical problems facing investment businesses.

SPEAKERS WILL INCLUDE

Sir Kenneth Berrill, KCB
Chairman
The Securities and Investments Board Limited

Mr Colin Bamford
Partner
Herbert Oppenheimer, Nathan & Vandyk

Mr John W Robertson
Senior Partner
Wedd Durlacher Mordaunt & Co

Mr Richard L Bristow
Executive Director
Credit Suisse First Boston Ltd

Mr Charles K R Nunneley
Director
Robert Fleming Holdings Limited

Mr D A Whiting
Chairman
Association of Futures Brokers & Dealers Ltd

Mr Michael Howard, QC, MP
Parliamentary Under-Secretary of State for Corporate & Consumer Affairs
Department of Trade and Industry

Mr Mark Weinberg
Chairman
Allied Dunbar Assurance plc

Mr John Bullock
Senior Partner
Deloitte Haskins + Sells

Lord Bruce-Gardyne of Kirkden
Former Economic Secretary to HM Treasury

Mr J D Grant
Chief Executive
NASDIM

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NOTICE OF REDEMPTION

To the Holders of

Norges Kommunalbank

7½% Guaranteed External Loan Bonds Due February 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 4(c) of the Fiscal Agency Agreement dated as of February 1, 1972 between Norges Kommunalbank and The Chase Manhattan Bank (National Association), as Fiscal Agent, $2,615,000 aggregate principal amount of the above-captioned Bonds (the "Bonds") will be redeemed through operation of the sinking fund on February 1, 1986 (the "Redemption Date") at the Redemption Price of 100% of the principal amount thereof ("the Redemption Price").

The serial numbers of the Bonds to be redeemed are as follows:

M58	1928	2421	3833	5963	6582	8587	9130	9848	10184	10840	11442	11961	12565	15600	16793	17194	17678	18549	19225
67	1930	2422	3834	5966	6583	8589	9174	9849	10188	10841	11450	11965	12607	15607	16813	17199	17685	18564	19227
187	1931	2427	3835	5973	6586	8590	9176	9850	10194	10844	11454	11970	12611	15608	16817	17201	17686	18569	19229
188	1945	2428	3836	5979	6591	8615	9177	9863	10196	10891	11461	11973	12617	15624	16819	17202	17687	18570	19230
400	1946	2429	3838	5983	6594	8620	9178	9865	10198	10906	11471	11977	12618	15625	16822	17205	17690	18580	19232
431	1949	2433	4286	5984	6599	8626	9181	9667	10199	10907	11472	11992	12622	15627	16827	17207	17700	18582	19236
518	1956	2434	4291	5987	6606	8628	9184	9671	10200	10908	11474	11993	12623	15630	16837	17210	17701	18583	19237
527	1959	2439	4293	5989	6609	8634	9188	9672	10210	10914	11475	11994	12624	15633	16838	17211	17704	18585	19245
627	1960	2443	4302	5993	6610	8637	9191	9674	10212	10923	11478	11995	12627	15649	16839	17212	17718	18586	19247
628	1967	2445	4304	6006	6611	8643	9192	9678	10226	10926	11480	11996	12628	15662	16840	17217	17722	18587	19248
663	1968	2446	4594	6009	6613	8649	9193	9679	10233	10928	11489	11998	12631	15668	16846	17227	17723	18589	19252
664	1971	2447	4595	6012	6615	8656	9196	9688	10234	10938	11503	12004	12632	15669	16848	17233	17736	18670	19255
665	1974	2450	4668	6013	6617	8658	9211	9689	10235	10944	11505	12005	12633	15671	16852	17239	17737	18674	19260
670	1975	2452	4673	6014	6627	8660	9213	9690	10236	10948	11512	12027	12634	15672	16854	17241	17742	18681	19262
671	1976	2454	4697	6015	6630	8661	9218	9692	10239	10952	11516	12029	12635	15674	16855	17243	17746	18686	19268
674	1978	2455	4701	6017	7411	8665	9222	9732	10240	10953	11518	12030	12636	15675	16857	17244	17748	18688	19279
676	1983	2506	4718	6023	7412	8667	9223	9753	10241	10954	11519	12036	12641	15680	16859	17246	17751	18690	19280
775	1989	2507	4721	6037	7413	8675	9226	9754	10252	10955	11520	12037	12643	15777	16860	17247	17781	18692	19282
[illegible]																			
1881	2379	3474	5895	6542	8479	9077	9582	10122	10807	11357	11921	12508	15536	16494	17143	17563	18354	19159	19834
1886	2383	3475	5896	6543	8489	9083	9585	10128	10809	11358	11930	12512	15540	16500	17144	17568	18355	19160	19839
1888	2385	3480	5897	6544	8491	9084	9586	10133	10810	11360	11932	12522	15544	16507	17146	17569	18356	19162	19840
1889	2386	3482	5898	6548	8493	9085	9589	10146	10813	11361	11935	12524	15548	16753	17147	17570	18358	19166	19842
1901	2388	3483	5899	6554	8494	9092	9590	10147	10814	11371	11938	12527	15552	16754	17149	17571	18361	19169	19846
1903	2389	3484	5900	6556	8497	9103	9592	10148	10815	11373	11939	12528	15555	16759	17150	17582	18363	19178	19856
1904	2390	3486	5917	6557	8501	9107	9594	10150	10818	11378	11940	12530	15562	16760	17151	17583	18365	19181	19857
1905	2401	3487	5921	6567	8502	9108	9600	10152	10819	11379	11944	12533	15563	16761	17152	17589	18366	19182	19858
1908	2403	3488	5926	6568	8542	9109	9602	10157	10820	11387	11949	12534	15564	16772	17156	17590	18407	19184	19859
1916	2404	3506	5934	6569	8544	9114	9604	10165	10821	11393	11950	12540	15567	16774	17162	17641	18408	19197	19973
1917	2405	3777	5937	6570	8545	9115	9605	10166	10823	11421	11951	12541	15573	16775	17167	17642	18535	19205	19976
1918	2406	3779	5946	6573	8548	9117	9610	10167	10824	11424	11952	12546	15578	16777	17177	17659	18536	19210	
1921	2415	3782	5953	6576	8551	9118	9624	10176	10827	11429	11953	12553	15585	16778	17187	17661	18537	19212	
1922	2416	3783	5954	6578	8554	9121	9640	10179	10828	11430	11954	12554	15588	16784	17188	17662	18538	19221	
1926	2418	3830	5958	6579	8585	9123	9643	10182	10832	11439	11957	12581	15592	16790	17190	17663	18539	19222	
1927	2420	3832	5959	6580	8586	9124	9645	10183	10833	11440	11958	12583	15597	16791	17191	17671	18542	19224	

On the Redemption Date there will become and be due and payable upon each Bond to be redeemed the Redemption Price in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts therein. Interest thereon shall cease to accrue from and after the Redemption Date.

Payment of the Redemption Price of each Bond to be redeemed will be made upon presentation and surrender of such Bonds, together with the interest coupons appertaining thereto maturing subsequent to the Redemption Date, at any of the following paying agencies:

The Chase Manhattan Bank, N.A.
Corporate Bond Redemptions
Box 2020
1 New York Plaza - 14th Floor
New York, New York 10081

The Chase Manhattan Bank, N.A.
P.O. Box 440
Woolgate House - Coleman Street
London EC2P 2HD, England

The Chase Manhattan Bank, N.A.
P.O. Box 4428 Taunusanlage 11
Frankfurt/Main, Germany

The Chase Manhattan Bank, N.A.
41 rue Cambon
75001 Paris, France

Kredietbank, S.A. Luxembourgeoise
37 rue Notre-Dame
Luxembourg, Luxembourg

Nederlandsche Credietbank, N.V.
Herengracht 458, P.O. Box 941
Amsterdam, Netherlands

Banque de Commerce S.A.
Main Branch, 51/52 Avenue des Arts
B-1040 Bruxelles, Belgium

The Chase Manhattan Bank, N.A.
Piazza Meda, 1,
20121 Milan, Italy

Coupons which shall mature on, or shall have matured prior to, said Redemption Date should be detached and surrendered for payment in the usual manner.

NORGES KOMMUNALBANK
By: **The Chase Manhattan Bank** (National Association), *Fiscal Agent*

Dated: December 27, 1985

NILFISK
– the world's largest manufacturer of Industrial Suction Cleaners
Bury St. Edmunds, Suffolk 0284 63163

NOTICE OF REDEMPTION

EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.)
US$50,000,000 7¾% Bonds 1974/89

The Commission of the European Communities inform herewith the Bondholders that a selection by lot for a principal amount of US$4,500,000, has been made for the redemption due 1st February, 1986 in the presence of a Notary Public at the Chase Manhattan Bank N.A., New York.

The serial numbers of the Bonds to be redeemed are set forth below in groups from one number to another number, both inclusive, except such as shall have been previously called for redemption or otherwise retired:

1601 to 1800	21801 to 22000	32401 to 32600	42601 to 42800
5201 to 5400	24001 to 24200	33001 to 33200	46001 to 46200
7001 to 7200	24201 to 24400	35801 to 36000	47401 to 47600
10401 to 10600	25401 to 25600	36001 to 36200	48001 to 48200
11401 to 11600	26601 to 26800	37401 to 37600	48801 to 49000
12401 to 12600	29001 to 29200	39201 to 39400	
17601 to 17800	30601 to 30800	40201 to 40400	
19401 to 19600	31401 to 31600	40401 to 40600	
20201 to 20400	32001 to 32200	41801 to 42000	

Principal amount of Bonds purchased: US$NIL
Principal amount called for redemption: US$4,500,000
Principal amount unamortised after 1st February, 1986: US$13,500,000

The Bonds presented for reimbursement should have attached Coupons due 1st February, 1987 and following, and will be payable in accordance with the Terms and Conditions shown on the Bonds.

3rd January, 1986

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
3	4	5	6	7	8	9

Theatre

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor.' (836 8888).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Gigi (Lyric): Unconvincing stage revival of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid rising inimitably above the material, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John *Dexter* directs, Jocelyn Herbert designs. (437 3686).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

PARIS

Julius Caesar: Hollywood-style production, using the latest sound and lighting technology, in which Robert Hossein miraculously preserves Shakespeare's eternal truths. Palais des Sports. (4828 4090).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

Camille (Comedy): Pam Gems's rewrite gives Marguerite Gautier a child for whose future security she exchanges her own frail health and love. Don Daniels's studio RSC production does not transfer that well, but Frances Barber is an actress to watch. More coughing on stage than in the stalls, for a change. (930 2578).

Mayor the Musical (Latin Quarter): Based very loosely on Mayor Koch's best-selling autobiography, this revue, now on Broadway but still in an intimate space, takes *swipes* at the mayor, his political nemeses and his eminently spoofable constituency in a lively and telling production that you need not be a New Yorker to understand – or *laugh* at. (586 3903).

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 6200).

WASHINGTON

Aren't We All (Opera House): The play is nothing compared with the performances of Rex Harrison and Claudette Colbert, who cavort delightfully in an old-fashioned drawing-room comedy now making its rounds across America. Ends Jan 5. (254 3770).

A Seagull (Eisenhower): Colleen Dewhurst stars in Peter Sellars' latest production for the American National Theater, which is bound to be imaginative and untraditional in a tradition Sellars is establishing on his own. Ends Jan 11. (254 3670).

In Regard of Flight (Kreeger): Bill Irwin's theatrical spoof shows off the mime's talent in confronting a man-eating stage curtain and a disappearing shoe on the quest of a new theatrical genre. Ends Jan 12. Arena Stage (488 3300).

TOKYO

A Christmas Carol: Dickens' story performed in English by Tokyo's only professional English Theatre company, Albion-za, at their new studio theatre. Albion-za Studio. Ebisu. (443 3903).

Uchu Johatsu (Evaporation of Space), the Yume no Yumin-sha company directed by Hideki Noda. One of Japan's most popular avant-garde troupes and cult figures, their hyper-energetic style and fantastical illogical plots have won wide support from the young, but leave adults baffled. Hodan Theatre, Shimokitazawa district. (237 9999; 980 6666).

Opera and Ballet

LONDON

Royal Opera, Covent Garden: the Royal Ballet performs the Nutcracker on Tuesday and Wednesday.

Royal Festival Hall: the London Festival Ballet is playing two Nutcrackers a day all week.

Sadler's Wells, Rosebery Ave: the Sadler's Wells Royal Ballet is performing Coppelia, and later in the week some new choreography.

WEST GERMANY

Berlin, Deutsche Oper: Aida has Anna Tomowa-Sintov and Giorgio Lamberti in the leading roles. Cosi fan tutte, sung in Italian, has fine interpretations by Doris Soffel, Angela Denning and Keith Lewis. Zar and Zimmermann stars Gudrun Sieber and Peter Maus. Also Orpheus in the Underworld.

Hamburg, Staatsoper: Carmen has Alicia Nafe in the title role. Die Meistersinger von Nürnberg has Beatrice Niehoff, Rene Kollo and Kurt Moll. My Fair Lady has Gabriele Ramm as Eliza Doolittle and Boy Gobert playing Henry Higgins.

Frankfurt, Opera: Aida has Awilda Verdejo in the title role. Tosca is conducted by Alain Lombard with Galina Savova and Seppo Ruohonen. Falstaff has Louis Quilico in the title role. Dido and Aeneas stars Glenys Linos and Valentin Jar. The cast of Fidelio is led by Lia Frey-Rabine, Susanne Freyler and Seppo Ruohonen. Der Wildschütz rounds off the week.

VIENNA

Staatsoper (5324/2655): Die Walküre conducted by Schwarz with Janowitz, Martin, Lotte Rysanek, de Vaughn, Miljakovic, Yachmi, Katagiri, Lilova, Gall, Gonda (Sat). Macbeth conducted by Hager with Zampieri, Vance, Bruson, Ghiaurov, Kaloudof, Pita, Sramek, Maly, Valls, Simic and the Vienna Boys Choir (Sun, Wed). Die Fledermaus conducted by A. Fischer with Popp, Fassbänder, Gruberova, Göttling, Weikl, Kunz, Hopferwieser, Tichy, Wendler, Schenk (Mon). Der Fliegende Holländer conducted by Hager with Jones, Slania, Rydl, King, Hopfner, Van Dam (Tue). Korngold's Die tote Stadt conducted by Hollreiser with Armstrong, Gonda, Steinsky, Hintermeier, King, Helm, Liègeois, Gahmlich, Galbraith, F. Waechter (Thur).

Volksoper (5324/2657): Die Csardasfürstin (Fri); La Bohème (Sat); Martha (Sun); Der Opernball (Mon, Wed); Hänsel und Gretel (Tue); The Beggar's Opera (Thur).

NETHERLANDS

Amsterdam, Stadsschouwburg: A new Netherlands Opera production of Turandot with Cristina Deutekom in the title role. Directed by Dieter Bülter-Marell, with the Netherlands Philharmonic and Choirs conducted by Christian Badea, and dancers from the National Ballet (Tue, Thur) (24 23 11).

Intro-Dans with new ballets from Nils Christe and Ed Wubbe, and repeats of Cold Song and Reflexion. Wed in Amsterdam, Stadsschouwburg (24 23 11) and Thur in Roermond, Oranjerie (25 061).

ITALY

Milan, Teatro alla Scala: Puccini's Madame Butterfly directed by Keita Asari and conducted by Lorin Maazel (alternating with Yoshinori Kikuchi). In the cast are Eleonora Jankovic, Aldo Bramante and Giorgio Zancanaro. (Sat, Sun, Thur) (80.91.26) Teatro Lirico: a programme of three ballets: Balletto Imperiale by Balanchine (music by Tchaikovsky) with Renata Calderini and Maurizio Bellezza, Les Vainqueurs by Maurice Béjart (music by Wagner) with Luciana Savignano and Marco Pierin and Bolero (Ravel) with choreography by Béjart. (Tue, Wed, Thur). (86.64.18)

Rome, Teatro dell'Opera: Donizetti's Elisir d'Amore conducted by Thomas Fulton and directed by Luciano Alberti with Luciana Serra, Antonio Savastano, Simone Alaimo and Alessandro Corbelli (Sun), also Tchaikovsky's Nutcracker conducted by Alberto Ventura and with choreography by Miroslaw Kura (Tue). (46.17.55)

Trieste: Teatro Communale Giuseppi Verdi: Antonio Gades's ballet company in Carmen with Cristina Hoyos (Thur). (63.19.48).

Bologna: Puccini's Tosca conducted by Romano Gandolfi with Raina Kabaivanska in the title role. (Tues, Thur) (22 29 99).

NEW YORK

New York City Ballet (NY State Theater): the end of the Christmas Nutcracker season is accompanied by the return of the repertory with mixed programmes including Donizetti Variations, Ballo della Regina and The Cage. Lincoln Center (870 5570).

Metropolitan Opera (Opera House): The week features Lohengrin conducted by James Levine with Eva Marton, along with Satie's ballet Parade, Poulenc's Le Mammeeles de Tiresias and Ravel's l'Enfant et les Sortileges, in an evening called Parade. The week includes Jenufa conducted by Vaclav Neumann with Roberta Alexander, Mignon Dunn and Timothy Jenkins, and l'Italiana in Algeri conducted by James Levine with Marilyn Horne. Lincoln Center (362 6000).

WASHINGTON

Washington Opera (Terrace): Daughter of the Regiment conducted by Joseph Rescigno with Eric Mills, François Loup and Joyce Castle plays in repertory with Christopher Columbus conducted by Randolph Mauldin with David Eisler, Elaine Bonazzi and Karen Hunt, in Roman Terleckyj's new production. Both are sung in English. Ends Feb 2. Kennedy Center (422 8700).

PARIS

Palais des Congres: Roland Petit and Marseilles' National Ballet present Puss in Boots animated by Roland Petit's unfailing imagination and enthusiasm (4266 2075) from 2pm-5pm), Ends Jan 5.

Tchaikovsky's Nutcracker in Rudolf Nureyev's choreography – except for one evening given over to Romeo and Juliette. Paris Opera (4266 5022).

Exhibitions

PARIS

The fame of Victor Hugo. To mark the 100th anniversary of the poet's death, some 1,000 documents – grand and less grand, including caricatures, posters, photographs, try to explain the extraordinary phenomenon of Hugo's glorification. Grand Palais, closed Tue. Ends Jan 6 (26 15 4 10) Petit Palais adds to Hugo's celebrations an exhibition Le Soleil d'Encre consisting of more than 300 of the artist's drawings and 200 manuscripts belonging to the Bibliothèque Nationale. Petit Palais, closed Mon (26 51 2 73).

Old and new: State acquisitions over the last five years. The 240 exhibits range from an Egyptian pleureuse dating from 1800 BC to contemporary artists and comprise paintings, sculpture, pieces of furniture and objects d'art. Among the chef-d'oeuvres there is Vermeer's Astronomer, Frans Hals' Jester Playing The Lute as well as works by Manet, Monet and Seurat. Lucas Cranach's Melancholy comes from a provincial museum. Grand Palais. Ends Feb 3 (42603926)

WEST GERMANY

Berlin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition of post war art. Ends Jan 12.

Stuttgart, Neue Staatsgalerie: A retrospective of 81 works of the British artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5.

Bremen, Kunsthalle am Wall 207: Klee drawings and paperworks from 1921 to 1933. Ends Jan 5.

Düsseldorf, Kunsthalle Grabbeplatz Joel Shapiro: First stop for an exhibition covering 80 abstract sculptures and paintings by the American artist in the last nine years. Ends Jan 19.

Essen, Museum Folkwang, Goethestrasse 41: To honour the German painter Lovis Corinth on the 60th anniversary of his death, the exhibition contains 90 paintings and 40 graphic illustrations. Ends Jan 12.

Berlin, Bauhaus-Archiv, Kingelhöferstrasse 14: Walter Gropius, "The Architect and Designer." An exhibition of paintings, constructions, designs and furniture by Gropius. Ends Feb 2.

ITALY

Florence: Museo di Storia della Scienza: A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by Durer, Rembrandt and Japanese artists. Ends Jan 11.

Rome: Museo delle Mura, Porta San Sebastiano: Trade Routes Between the Mediterranean and the Far East in the Ancient World. The museum is set into the Aurelian walls above the gate through which the Appian Way passes and is worth seeing in itself. Organised by the Commune di Roma and the Museo Nazionale d'Arte Antica, the exhibition explores the movement of goods (incense, myrrh, silk and spices) to Italy from the east from the 8th century BC to the Middle Ages. Clear and informative and illustrated mainly by photographs and diagrams, but one felt that the exhibition was aimed more at school outings than tourists and that a lot of the information could have been got just as well from a good book. Ends Jan 5.

Venice: Museo Correr (Ala Napoleonica): Folon: Over 200 works by the celebrated Belgian artist, among them 120 watercolours originally as illustrations to Apollinaire, Prevert, Boris Vian and others. A perverse but gentle painter with a seductive use of colour. Includes delightful watercolours of Venice. Ends Jan 19.

Rome: Galleria Nazionale d'arte Moderna: 'Back to Tradition': A look at official taste in the 1920s and 1930s under Fascist rule. The acquisitions made by the State (taken out of the cellars for this exhibition) are seen alongside the works of such established artists as De Chirico, Sironi, Severini, Funi and Donghi. Until January 5.

SPAIN

Madrid, Retrospective of Jose Ocana (1947-1983). More than 250 paintings showing two stages of his short painting life: the first, dark and pessimistic of Spanish rural life and the second characterised by lively colours in a naif style. Museo Espanol de Arte Contemporaneo-Meac, Avenida Juan Herrera. Ends Jan 30.

Madrid, Repetitive Structures. 22 works by 21 artists on loan from Ludwig Museum in Cologne, among them, Andre, Judd, Lewitt and Morris engaged in the Minimal movement and Andy Warhol, Lichtenstein und Dine in the Pop Art. Interesting mix of styles and trends. Fundacion Juan March, Castello 77. Ends Feb 16.

Madrid, 100 Masterpieces of Portugal. First of its kind from neighbouring country gives a good retrospective of Portugal's works produced between 12th century and today. On loan from museums, churches, palaces and foundations like the Gulbenkian. Centro Cultural Conde Duque, Conde Duque 9-11. Ends Jan 12.

Madrid, Enzo Cucchi. A selection of artist's drawings and paintings of the past 18 months. One of the top international plastic painters of the 1980s. This show goes on to Bordeaux, New York and Paris. Fundacion Caja de Pensiones, Serrano 60, Madrid. Ends Feb 2.

VIENNA

Kandinsky In Paris 1934-1944: An extensive collection of oil paintings, gouaches, watercolours and photographs from the last 10 years of Kandinsky's life, organised by the Guggenheim Museum, New York. It shows the culmination of his development as pioneer of abstract art, his earlier dramatic exuberance giving way to a more refined style with softer pastels and monochrome colours, but the dynamism remains. In sections on Black Backgrounds and Concrete Art Kandinsky's works are brilliantly complemented by those of Klee, Mondrian, Arp, Miro and Picasso, showing his influence on a generation of European abstract artists. 20th Century Museum. Ends Jan 26.

George Grosz, The Berlin Years (1912-1933): A collection of caricatures of life in Weimar Germany from the First World War to Nazism. Mr Grosz, a committed socialist and celebrated draughtsman, produced powerful caricatures of establishment figures from the church, the Government and the financial world who are portrayed as brutal, pompous and stupid, amid vaguely threatening scenes of urban decay. His images may shock but his stark and realistic style conveys a powerful impression of a turbulent period in Germany's history. At the Twentieth Century Museum until January 21, 1986.

NEW YORK

Guggenheim Museum: 35 major sculptors of the 20th century, including Giacometti, Nevelson, and Johns, are part of the theme Transformations In Sculpture, meant to cover pop art, minimalism and Arte Povera, among other movements of the past 40 years. Ends Feb 16.

Pierpont Morgan Library: 200 British photographs from the Victoria & Albert Museum cover Fox Talbot to Julia Margaret Cameron and Lewis Carroll among the earliest practitioners in the years from 1839 to 1900. 36th St & Madison Av. Ends Feb 2.

WASHINGTON

National Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 9.

National Museum of American Art: 73 works of New Zealand Maori artists show the mixture of religious, symbolic and artistic traditions in feather capes, ceramic vessels, carved and painted gourds and woven hangings using native materials. Ends March 9. Renwick Gallery.

Music

LONDON

PLG Young Artists and 20th century music series at the Purcell Room; two concerts nightly 6.00 and 7.30 Monday to Friday. (928 3191).

Peter Frankl, piano; Gyorgy Pauk, violin; Ralph Kirshbaum, cello. Second Beethoven Trio concert in the cycle. Elizabeth Hall (Thur). (928 3191).

José Feghali, piano: 1985 Van Cliburn Piano Competition winner plays Haydn, Villa-Lobos, Chopin, Schumann. Elizabeth Hall (Wed). (928 3191).

London Symphony Orchestra, Howard Shelly conductor/piano, Jack Brymer, clarinet. Händel, Mozart. Barbican Hall (Wed). (628 8891).

London Symphony Orchestra, conductor Günther Herbig. Sergei Edelmann, piano, Weber, Beethoven, Brahms. Barbican Hall (Thur). (628 8891).

VIENNA

Alexis Weissenberg, piano. Bach. Musikverein (658 190). (Sat).

Haydn's "Die Schöpfung". Lower Austria Tonkunstler Orchestra conducted by Miltiades Caridis with Cheryl Studer, soprano; Anthony Rolfe-Johnson, tenor; Helmut Berger-Tuna, baritone. Musikverein (Sun Mat, Tues).

Vienna Symphony Orchestra Youth Concert conducted by Riccardo Chailly with Radu Lupu, piano. Brahms, Tchaikovsky. Musikverein. (Thur).

NETHERLANDS

Utrecht, Muziekcentrum Vredenburg: Recital Hall. Hanae Nakajima, piano. Franck (Thur). (31 45 44).

Rotterdam, De Doelen. Hartmut Haenchen conducting the Rotterdam Philharmonic, with Peter Zazofsky, violin. Bartók, Schubert (14 29 11).

The Hague, Nieuwe Kerk. Rossini's Petite messe solonelle performed by the Netherlands Chamber Choir conducted by Jos van Immerseel (Thurs) (020-82 51 90).

ITALY

Milan: Teatro alla Scala: Margaret Price, soprano, accompanied by Geoffrey Parsons in music by Beethoven, Brahms, Strauss and Mahler on Monday. (80 91 26).

Rome: Auditorium of Via della Conciliazione: Lorin Maazel conducting Beethoven's 7th and 8th symphonies. (Sat, Sun, Mon, Tues). Oratorio del Gonfalone (vicolo della scimia 1/B) the Symposium Musicum playing music by Andrea Gabrieli on the fourth centenary of his death. (Thurs). (655 952).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Klaus Tennstedt conducting; Ute Vinzing, soprano. All-Wagner programme (Tue): Klaus Tennstedt conducting. Mozart, Beethoven (Thur). Lincoln Center (874 2424)

WASHINGTON

National Symphony (Concert Hall): Rafael Fruebeck de Burgos conducting. Piston, Bruckner (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Raymond Leppard conducting, Anthony and Joseph Paratore duo pianos. Chabrier, Bartók, Bizet. (Thur). (435 8122).

PARIS

Paul Tortelier, cello; Ensemble Instrumental Andoli: Vivaldi, Lekeu, Boccherini (8.30pm). Siegfried Jerusalem, Tenor; Siegfried Mauser, piano: Schubert's Die Winterreise (8.30pm) Both concerts Mon, TMP-Châtelet. (4233 4444).

Orchestre National de France conducted by Vladimir Fedosseiev with the Radio France Choir: Rimsky-Korsakov's Snegurotchka (Tue) Salle Pleyel. (4561 0630).

Tamel, piano: Bartók (Tue) Salle Gaveau (4563 2030).

Ensemble Orchestral de Paris – Jean-Pierre Wallez, violin; Pierre Barbizet, piano: Beethoven's violin and piano sonatas intégrale (Thur) Salle Gaveau (4563 2030).

Cinema/Nigel Andrews

How the Western was lost

Defence of the Realm directed by David Drury
Silverado directed by Lawrence Kasdan
Fire Festival directed by Mitsui Yanagimachi

The British take their political scandals, as they take their sexual pleasures, with great seriousness. Indeed the two often seem indissolubly linked. The frequency with which our public figures are sent packing due to minor peccadilloes is the wonder of the non-British world.

This prurient puritanism UK-style sets in motion the snappy political thriller *Defence of the Realm*. The plot quickens from the moment that British MP Ian Bannen resigns, undone by screaming headlines of sexual indiscretion, on the eve of his asking awkward questions in the House about an escaped Borstal boy's death by hit-and-run accident.

Fleet Street newshound Gabriel Byrne smells a rodent. Is Bannen's fate a frame-up in pursuance of a cover-up? Might the MP's probing have revealed that the runaway had trespassed on to a nuclear air-base runway—and nearly caused a multi-megaton accident during a military exercise?

Odzounds, Byrne, whose cynical El Vino exterior hides an alertly sober conscience, hotfoots towards the truth; stepping on the way over the slain body of ex-red colleague Denholm Elliott who had snooped too far, and gathering help from Greta Scacchi, who has moved up from being Bannen's secretary to being the film's token female interest.

David Drury, of TV documentaries and *Forever Young*, directs a cunning screenplay with fair spit and polish. The rapacity with which all Fleet street converges on a sexual bone thrown to it from Westminster is well done and painfully recognisable. And who could fail to warm to the best-drawn character: Elliott's bibulous old battler of the bygone Left, a sort of Smirnoff-powered James Cameron?

I regretted only the too frequent use of reflex movie-thriller tropes. Why do characters doing hush-hush things in their homes at night always leave their curtains open? Answer: because the characters spying on them could not get the goods otherwise, and the plot would come to a standstill.

Above all, why does a pretty dame (Miss Scacchi) have to be written into the screenplay when she is completely redundant in the story's development? Answer: . . . well, we all know the answer to that one.

*

In Lawrence Kasdan's Western *Silverado*, it is as if the whole population of modern Hollywood has quaffed a well-known vodka and been spirited into a land of high adventure.

"Is the Western dead?" thousands have clamoured over recent years. On this evidence, yes it is. But writer-director Kasdan has a wonderful talent for tooling around with old styles as if he were breathing new life into them: vide *Body Heat* and the film noir, *Raiders of the Lost Ark* and the Saturday matinee serial. He makes exhumation seem like revivification. He cleans and dresses the corpse, he attaches strings to its movable parts and he ventriloquises its lip movements.

In *Silverado* he is at it again. Much of the movie is brilliant puppetry, as four colliding heroes Kevin Kline, Scott Glenn, Kevin Costner and Danny Glover move West towards their several dreams and destinies, having colourful adventures apart or together *en route*. Kasdan, with brother Mark as co-writer, cunningly pulls *our* strings too: as we move through such tender tropes as the saloon-bar square-up, the dusty desert chase scenes, the echoing canyon gunfight, the heart-stirring wide screen and the ditto music.

But when the strings show, they show badly. Who on earth thought to bring John Cleese over to New Mexico to play a small-town sheriff? "What's all this then?" is Cleese's bossy opening, as he bangs through a saloon's swing doors, for all the world as if he were testing for a pilot of *Faulty Prairies*. And characters like the golden-hearted saloon keeper (Linda Hunt) and the flash cardsharp (Jeff Goldblum) are no less formulary for their oddball casting.

Kevin Costner in "Silverado"

Kasdan is in love with the styles and traditions of the Western (as who is not?) and even rounds off his first scene by mimicking the silhouette door-frame motif of *The Searchers*. But soon, as characters collide with cliché and high adventure runs into high anachronism (freelance black gunslingers running around in the old West?), it is ever more clear that *Silverado* is neither a wholehearted restyling of the Western, like Leone's films, nor a wholehearted re-invention of it like *Heaven's Gate*, but something very awkward in between.

*

Fire Festival gives us elemental gods and blood sacrifice in a small Japanese fishing port. Director Mitsuo Yanagimachi and writer Kenji Nakagemi might have been suckled on Greek tragedy as they rain down curses on the residents, from oil pollution in their fishing grounds to dreadful weather up in the forests, where the hero Tatsuo (Kinya Kitsoji) works as a lumberjack.

The supporting townspeople are divided into male and female "choruses" as they huddle on the wet quaysides to inveigh against the cruelties of Fate.

The film suffers early on from the same laborious overdoses of local colour, lusty males and melting-pot demotics as Imamura's *The Ballad of Narayama*. But as soon as the mystical element starts to boil and bubble, we move into a new dimension: as in the scene of the "fire festival" itself, casting flickering scarlet rages across the hillsides and even magically quickening the oil-paralysed sea. This last it does with help from the hero, who to honour or appease the gods obeys the best Japanese traditions of ritual self-destruction and blows his heart out with a shotgun after doing the same for his family. The film, alternately maddening and mesmeric, shows there is still strong life and heart in Japanese cinema.

*

Sam Spiegel, who died this week aged 82, carried a compact but notable portfolio of achievements into the afterlife. Moving to America from Europe in 1935, having left Hitler's Germany two years before, he conformed to the long-established Hollywood rule that all big-time independent producers be called Sam (cf Goldwyn, Bronston). But he conformed to no rules in his unpredictable, often high-risk, choice of movie projects. What common or garden mogul would have backed Welles's *The Stranger*, Joseph Losey's *The Prowler*, Huston's *The African Queen* and Kazan's *On the Waterfront?*

In reward for boldness and imagination, Spiegel's mantelpiece was soon filling up with Oscars, and his fortunes grew even fatter in his Lean period: *The Bridge on the River Kwai*, *Lawrence of Arabia*. After the 1950s, his output became more occasional but no less unpredictable: costumed blockbusters like *Night of the Generals* and *Nicholas and Alexandra* jostling with firmly modern movies like *Betrayal* and Arthur Penn's powerful, underrated thriller of the 1960s, *The Chase*.

Judy/Greenwich

Martin Hoyle

Originating at the Swan, Worcester, Terry Wale's biography of the erstwhile Frances Gumm comes to the Greenwich Theatre from the Bristol Old Vic where B. A. Young reviewed it in these pages last September.

Biography, not hagiography. The fairy-tale cum horror-story of Judy Garland (as she became) gains immensely from the script's avoidance of tear-jerking; but emotion there is, first in the songs—no show can fail with "You made me love you," the Trolley Song or "The man that got away," among others—and then in the familiar Hollywood fable of *Beauty and the Beast*—in reverse.

Villains include Louis B. Mayer, raging at his studio's loss of Deanna Durbin and reluctant to use the 14-year old Garland, "the chubby little hunchback who sings like an old lady." Lewis Cowen convinces as both this monstrous exploiter and the best intentioned of the star's husbands, Sid Luft, who selflessly battled against Garland's drug-addiction.

We see the roots of the problem as the teenager takes "little magic pills" for vivacity (and to quell that figure-filling appetite); watch her insecurely fishing for compliments; and witness the total collapse of confidence that resulted in absenteeism and final suspension. The recovery from her first big breakdown provides an effective Act 1 curtain as a harder, brighter Judy leads a troupe of chorus-boys in "Get happy."

The apparent clichés of show-biz fiction — pushful mother, bitchy journalists (notably an incisive Hedda Hopper from Alison Skilbeck), and a raddled and crumpled star clutching at hotel bellboys for company in the small hours — emerge with freshness and conviction. The excellent script is unweaveringly American (more different from English than one might think), down to the careful omission of the perfect tense.

Judy herself has a fair share of the perverse, the contradictory and the dishonest. Lesley Mackie's performance is magnificent. At first glance disappointingly unlike the star, she nevertheless has the asthmatic's neckless, stocky torso; a profile oddly reminiscent of Garland's daughter, Liza Minnelli; and eyes and hair-styles that finally win us over completely. Above all, the voice has it: not merely the musical range from little-girl breathlessness to brassy throb, but the spoken lilt with its fresh young wonderment and innocence verging on the whine and the carping.

Gail Gordon's choreography, John Elvery's neatly flexible set and a six-piece band add further distinction to John David's production — confident enough to leave Garland's most famous song to the end. "Over the rainbow" is sung not by hopeful Dorothy en route to Oz but by the battered trouper slumped on an empty stage.

The Nutcracker/Covent Garden

Clement Crisp

The New Year begins, as it always *does* for ballet-goers, with *The Nutcracker*. The predictabilities of the occasion — a microcosm of every bilious aspect of the festive season, from over-excited tots to too many sweetmeats and the threat of snow — are mitigated in the Peter Wright/Ivanov production for the Royal Ballet, now in its second season.

At least we hear the score well played (Barry Wordsworth on Wednesday night maintained the tremendous standards set by Rozhdestvensky) and Chaikovsky's vision of the stage action imbues the proceedings with proper emotional weight. And in matter of infantile excitements, there is a great deal of innocent fun in the battle of the mice — the best I have ever seen, thanks to the sterling performances by the Royal Ballet School's battalions — and in the way Julia Trevelyan Oman's designs allow the Christmas tree to do its magic tricks.

And whereas many stagings betray the mystery and beauty of the score in the first act, Peter Wright has captured both the nostalgic sweetness and those mournful and sometimes fatalistic strains that speak through the music. For once the variety and interest of the stage business here seems preferable to the cascade of divertissements in Confiturembourg. The Stahlbaum party is a cheerful portrayal of Biedermeier sensibilities; detail is well considered, and I must salute in this performance the playing of the smallest (and knickerbockered) boy from the school, whose bright, spacious dancing was matched by the liveliest response to the fun of the party: he is an unwitting but potent scene-stealer.

We were at the Opera House to see Stephen Jefferies's first appearance as the Sugar Plum Fairy's cavalier. The role is as blank as any in the repertory—dramatically invisible—but Mr Jefferies has an easy charm to fill out its vacuities, and a no less easy technique to enliven its choreographic matter. His is a full-blooded performance, matched by the assurance and serenity of Fiona Chadwick as the Fairy, the technical excitement she engendered in the coda more than welcome on this occasion, when the earlier divertissements seemed underpowered, as if the holidays had taken a toll of ballon and energy.

I note with regret that the curious sequence when the Fairy is pulled along briefly by her cavalier on a piece of fabric (a touching reminiscence of the use of a *velka*—a sliding panel —by Ravel Gerdt and Varvara Nikitina at the Mariinsky Theatre in the 1890s), has been abandoned. It did not work easily last season, but was surely worth persevering with as a link with *Nutcracker's* Imperial past.

Saleroom/Antony Thorncroft

Sotheby's all at sea

At this time of year, with the auctioneer's gavel silent for a month, the salerooms show a rare charitable side and hand over their spacious halls to worthy causes. This year Christie's is playing host to the Contemporary Art Society while Sotheby's has cleared the decks for the Royal National Lifeboat Institution.

It is presenting a loan exhibition of paintings and works of art linked to our nautical heritage under the bold banner *Rule, Britannia*. Until January 29 you are invited to view over 350 historical items. Admission is free and an excellent glossy catalogue is a bargain at £2, but by the end of your tour it is expected that you will want to make a donation to the RNLI.

The attraction of what must be the most comprehensive gathering of naval memorabilia outside the permanent display at the National Maritime Museum is that many of the items are rarely available to public view. They come from family homes, quite often from the descendents of naval heroes. This has allowed Sotheby's the opportunity for some fresh attributions and a jaunty portrait of the future King William IV (Sailor Billy) as a midshipman has now been assigned to Benjamin West, and a marble bust of Admiral Keppel to Carlini.

But this is not a didactic show and most attention will be paid to Nelson's tiny vest, with its one forlorn sleeve, and noble initials in the collar, or the Lloyd's Casualty Book which recorded the loss of the Titanic alongside the going aground of a Wick fishing boat. There is a section devoted to Grace Darling and other courageous sea rescues, and to the 19th century passion for yachting, including a painting of the Royal Yacht Victoria and Albert at the Spithead Review of 1889 in the days when the British fleet stretched out for over 30 miles, without calling in the ships on foreign service.

There is a rather cursory race through the 20th century, culminating in a view of the battle of San Carlos Water in the Falklands painted by Derek Gardner. It is poignant but does not carry the romance of the re-creations of earlier battles—of the Saints and Copenhagen, of Camperdown and Trafalgar.

Nelson is, of course, the star of the show with one of his finest portraits, by Sir William Beechey, dominating the main saleroom. Among other eye-catching canvases are a Clarkson Stanfield of the Victory bringing Nelson's body into Gibraltar, a delightful pair of portraits of Admiral Bligh and his wife by John Russell and the monumental work by Henri Gascar of James II, in classical gear, as ruler of the navy. There is also one of the rare "Armada" portraits of Elizabeth I.

FORECASTS 1986

Key issue is protectionism

CARS
KENNETH GOODING

PRODUCERS in North America and Western Europe have been unnerved by the speed at which their Japanese competitors intend to set up car assembly facilities in the West.

As a result, the Japanese are once again facing a rapid increase in protectionist sentiment in the West. This is the *key issue* for the world motor industry at the start of 1986.

Competitors claim the Japanese *will have unfair advantages:* young and flexible workforces, better deals with the unions and, most important of all, the ability to import low-cost, key components such as engines and transmissions from Japan.

The Western car producers say the only way they can compete *is to follow* the Japanese example and buy more parts and materials from the Far East, with devastating results for their domestic component industries.

In the US the component companies are leading the protectionist campaign. Faced with the prospect that by 1988 the Japanese will have the capacity to build 1.3m cars a year on North American soil, the components *groups are pressing for* those vehicles to have a very high level of US content.

In Europe, where a committee of the European Parliament is examining the potential benefits or damage that Japanese car assembly facilities might generate similar calls for local content legislation are being made.

Although employment in the industry has been declining fast, *it still directly employs nearly* 3m in North America and Europe.

The US Commerce Department has estimated the loss of jobs in the North American *components sector* following the arrival of the new Japanese car plants could be as high as 400,000.

And Ford reckons that, *for* every job a *new Japanese factory* in Europe would create, three would be lost unless very tight restrictions are placed *on* the volume of components the Japanese could import.

The Japanese have coped with protectionism—so far mainly involving restraints on car exports—by moving their cars steadily upmarket to increase the value even though volume growth has slowed considerably.

A key element in the Japanese strategy, however, is to retain production of those components with high added value, particularly engines and transmissions.

To get the best economies of scale, each engine or transmis*sion factory needs to produce* at the rate of about 500,000 a year, whereas car assembly plants can make a reasonable return at 250,000. If the Japanese are forced to fragment engine and transmission produc*tion by shifting some of it to* Europe and North America their industry would lose a great *deal of its cost advantage over* Western producers.

There is still considerable *doubt whether the US Government* will listen to the renewed protectionist calls.

The "big three" domestic manufacturers (General Motors, Ford and Chrysler) are still making huge profits — although the indications are that in 1985 their joint net income slipped by $1bn from the record $8.9bn for *1984* and *could decline* by another $1bn this year. This high level of profitability has been *made possible in part,* by the limitations on Japanese car shipments.

Most forecasters expect that the US market will remain relatively strong in 1986. GM, for example, is *predicting* total vehicle sales in the US this year will fall back only slightly from the 1985 level, to about *10.5m* cars (down from an estimated 11m in 1985) and 4.5m commer*cial vehicles (down from about* 4.7m).

However, imports continue to *erode the domestic manufacturers' share.* Some forecasts suggest that imports could jump *from about 25.5 per cent of the* market last year to 28.5 per cent in 1986.

Japanese vehicle shipments to the US topped 3m for the first time in 1985 and helped the country's output to reach a record 12.1m.

But there could be a setback in 1986. A stronger yen, a weakening of the US market and measures by China to limit vehicle imports could hold back growth.

Meanwhile, in Western Europe there has been no progress towards solving the fundamental problems of excess capacity and the price warfare stemming from it.

In *1986* more motor industry jobs will be lost in Europe, especially in Spain and France.

Some observers feel 1986 will be a year in which the European car producers will put together more joint ventures for the development of components or even become involved in joint marketing arrangements.

The most overtly dramatic changes that the European in*dustry is likely to see this* year will be at the heavy end of the commercial vehicle sector.

Talks between Fiat's Iveco subsidiary and Ford's European truck organisation are almost certain to result in a wide-ranging co-operative agreement.

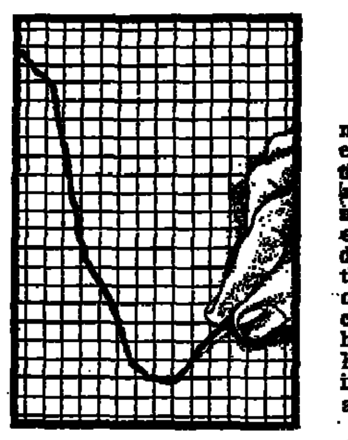
There also seems to be a good chance that General Motors, *which owns Bedford in the UK,* will take Leyland Trucks (and the Land Rover business) from BL *and off the British Govern*ment's hands.

Car production forecasts

Figures in millions

		DRI Europe	Economist "Motor Business"	Automotive Research & Management Consultants
	1985 (est.)	1986	1986	1986
US	7.7	6.83	7.7	7.8
Canada	1.0	0.987	1.0	0.93
Japan	7.49	8.0	7.45	7.5
W. Germany	4.1	4.14	4.0	4.2
France	2.6	2.7	2.75	2.8
Italy	1.4	1.38	1.4	1.44
Spain	1.24	1.29	1.26	1.3
UK	0.975	0.988	0.975	0.93

Anticipating the unexpected



MANAGEMENT
CHRISTOPHER LORENZ

EVER SINCE the pioneering feats of Josiah Wedgwood and his peers 200 years ago the management of industrial enterprises has been a highly challenging task. Except in the fat, slack days of oligopoly which characterised much of the 20th century—especially the 1950s and 1960s — *the successful* mangaer has had to possess a rare combination of perspicacity, foresight, leadership and drive.

As the halcyon days of stability and certainty recede into distant memory, these old truths are everywhere self-evident. But the *degree of instability,* change and complexity is now more intense than ever before, to an extent which is *frankly too* daunting for many managers. In the words of one of the brightest of Europe's *new* breed of young chief executives, "as the 1980s have progressed, management has become one of the most intelectually demanding jobs anyone could imagine."

Today's manager not only needs to possess all the virtues displayed by the barons of the early industrial revolution. To cope with the multi-dimensional challenges of the late 1980s he or she needs: 360-degree vision; the knack of anticipating the unexpected, the ability to make sense of an extraordinary degree *of (often contradictory)* information; and—most difficult of all—the ability to respond to to rapid change by "unlearning" old ways of thinking and acting.

Consider just some of the challenges. On the macro-economic dimension, growth is no longer certain, and the relationship between *different* countries (via exchanges rates) is continually in violent flux. On the micro level, competition—often from the most unexpected quarters—*is constantly invading* the territory on which the company's viability depends.

The arrival of new, thrusting competitors from all over the world is making nonsense of traditional geographic boundaries, and is relentlessly dragging almost every type of enterprise into a difficult and risky process of "globalisation." Add to this the competition from new technologies, the breakdown of traditional barriers between industries, and the deregulation which is revolutionising several major sectors and the modern manager is faced with an unparalleled set of external challenges.

Inside the company, the scene is similar. On the one hand, the *need to achieve maximum global* scale—of cash flow as well as operations—is prompting more and more companies towards enlargement of their empires. Some are taking the traditional, independent route (usually through takeover). Others are recognising the limitations of their own abilities, and are *joining the mushrooming* myriad of international joint ventures and collaborative agreement. Either way is extremely difficult to manage—*and what* appears to work today may fail tomorrow.

Inside each individual company, the process of internationalisation and increasing scale brings with it a need for greater centralisation, or at least co-ordination, both between national subsidiaries and previously distinct divisions. Yet at the same time far-sighted companies are trying to revitalise themselves, and re-motivate their staff, by dismantling bureaucracy and stimulating a degree *of* large-company entrepreneurship (or "intrapreneurship," as the jargon-mongers have charmingly chosen to christen it).

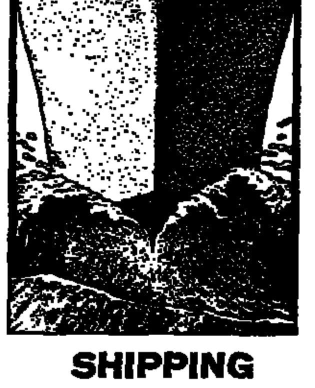
On all these fronts, the only constants are complexity and contradiction.

Management of this welter of ambiguity and paradox requires not only the exercising of first-rate intelligence at every level of the organisation, but also extraordinary skill. As always in modern management, the Japanese have shown the way. *One of the "secret weapons"* of companies such as Honda, Matsushita, Komatsu and NEC has been the development of a clearly expressed strategic "vision" which *is specific* enough to be consistent and to motivate the entire organisaton, yet *broad enough to allow* it to behave opportunistically.

In organisational terms, companies operating *internationally* must learn to achieve a knife-edge balance between centralisation and decentralisation, tightness and entrepreneurship. This can only be done through a flexible mixture of what In Search of Excellence, the best-selling book on well-run American companies, called "loose-tight controls."

Only a handful of Western multinationals, among them IBM and 3M, has yet displayed an ability to operate in this way, though others (including American GE) are groping towards it. Searching questions are now being asked in the academic world, about whether some national cultures will be less able than others to tolerate all the complexity, diversity, ambiguity and pressure of 1986 and beyond. The real-life answers will hold far-reaching ramifications for future national competitiveness.

Wrecks and survivors



SHIPPING
ANDREW FISHER

EVERGREEN'S Christmas and New Year card showed a big ship, stacked high with green containers, steaming boldly away from the background of a deep blue globe.

But the seasonal cheer from the Taiwanese line is not likely to extend far into 1986, as competitors continue to suffer *before the tonnage onslaught* of Evergreen and others.

While other sectors of world shipping such as tankers and bulk carriers remain in the doldrums, the container companies are likely to have the roughest time this year.

A vast amount of new container tonnage continues to come onto the market, leading to a huge surplus on major routes. The result has been tumbling freight rates, intense pressure on earnings, and increasingly nervous times for the banks.

Evergreen's investment of over $1bn in ships, containers, *and equipment has made it the* world's biggest liner (scheduled service) company. United States Lines, *now in the red, has* invested a similar amount. Both operate new round-the-world services.

Other companies, like Yang Ming, also of Taiwan, and Hyundai Merchant Marine of South Korea, have added to the investment surge. The biggest effects have so far been seen on the Pacific, the world's busiest container route.

While 1984 saw earnings of shipping companies in the *Pacific soar as a result of the* wave of US imports from Asia, last year brought a marked slowdown in trade and a slump in profits.

The outlook for 1986 is even more gloomy. Contrasting with the expansion-minded groups are those in Europe such as Overseas Containers (OCL) in the UK and Hapag-Lloyd in West Germany, which have stuck with existing fleets of *medium-sized ships* and avoided the trend to "jumbo" vessels.

The general state of world *shipping can be summed up as:* mostly bad, with some sectors not so poorly off as others. Here *is how they are likely to fare in* 1986:

● **Containers.** Freight rates, *already down on* major routes, will remain low and possibly fall even further, as more ships are delivered. Some corporate *casualties are widely expected.*

On the Pacific, capacity has risen by as much as 45 per cent between May 1983 and the end of 1985, according to the Container Insight market report. A further 16 per cent rise is likely by next January.

About a fifth of the container fleet on main world routes will be Asian-owned by mid-1988, excluding Japanese carriers. But apart from US *Lines, other US groups such as* American President and Sea-Land will retain a strong presence, *though they have recently* held back on new ship investment.

● **Tankers.** With the *1970s* oil crises putting paid to the supertanker era, the sector has *faced problems for many years.* Though freight rates have moved up in recent weeks, many in the industry expect the trend to be short-lived.

Lower oil prices benefit tan*ker shipping* by helping, temporarily at least, to stimulate demand. The cold north European winter has also helped and loading from the Gulf has been considerable since November. More ships are also being scrapped and the tonnage overhang has decreased.

However, the tanker surplus *remains large and efforts to* increase the number of scrapping sites—Taiwan and South Korea are the world leaders—have made slow progress. Basic oil demand, moreover, is forecast *to remain stagnant.*

● **Dry cargo.** This sector has suffered from successive waves of over-ordering, first at the turn of the 1980s, prompted by vain hopes of a sharp rise in coal business and again in 1983, led by the ill-fated programme *of Sanko Steamship of* Japan to build 125 new ships.

Sanko, also a leading tanker *operator, is in the hands of* the courts. In Hong Kong, the Tung Group, with a large fleet of bulk carriers and tankers, awaits the verdict of banks, many of them Japanese, on its financial restructuring plans.

Rates for the main bulk cargoes of iron ore, coal and grain have moved little in recent months, and future projections indicate no rise in demand. But there have been hopes that the rise in tanker rates will benefit the market, as combination carriers, able to *operate in both sectors,* have been switched into carrying oil.

All in all, the industry is not in the best of health. *Even in* the cruising sector, at the more glamorous end of the industry, more big ships are being ordered and operators are concerned that supply will rise faster than demand.

So 1986 promises to be a *fascinating,* if macabre, year in the industry, with much of the interest likely to stem from watching who goes under and who survives.

Factory automation could still be a growth area

CAPITAL GOODS
IAN RODGER

MOST REPORTS from the front point to another dreary year for capital goods industries.

Steel output is flat and volume restraint agreements between governments increasingly circumscribe trade. Process plant builders and civil engineering contractors are still suffering from the lack of investment in infrastructure projects around the world. And most manufacturers are dragging their feet in utilising the new, technologically advanced equipment and *systems* that would automate their factories.

Moreover, the buoyancy of the *US* economy, which has helped many capital goods producers in the past couple of years, appears *to* be coming to an end, with no other obvious source of stimulus *in* sight.

However, *perhaps the outlook* is not that bleak. For the first time in several years, these *industries* are enjoying benefits from major structural changes that are still under way.

In many sectors, including steel, aluminium, machine tools and *construction* and farm equipment, there have at long last been significant reductions of capacity. The European Community steel industry, for example, has closed more than 30m tonnes of annual capacity in the past three years, and the US *industry is not far behind.* J. I. Case closed a tractor plant in the US that alone could *supply one-third of the domes*tic market.

The most exciting market opportunity

In the past year, there have also been some very big corporate mergers in the capital goods industries, especially in the long-depressed farm equipment industry. Case bought the interests of International Harvester, Ford has bought the *New Holland implements* business from Sperry and Deutz of West Germany has acquired the tractor business of Allis Chalmers of the US. In the construction machinery sector, the merging of the interests of Volvo of Sweden and Clark Equipment of the US was completed in 1985, and there is much talk of further large combinations in the near future involving US, European and even Japanese producers.

These and other rationalisation measures should create a better balance between demand and supply in most capital goods sectors, even if markets do not improve.

But the current slump in world oil prices and the widely forecast collapse of the Opec cartel is potentially even more important to them. It was the first oil shock in *1973* that put an end to a long period of phenomenal growth in capital goods industries, and lower priced *oil* would be good *for* all of them, except perhaps those heavily involved in building offshore oil installations.

It would be rash to forecast an early return to the frenzied trading-conditions of the early 1970s, when everything from gasoline to polyethylene rubbish bags was in short supply, and ambitious capital projects to expand capacity were being announced almost weekly.

But engineering contractors and equipment makers remain convinced that the debt-ridden developing countries in particular will some day again become growth markets. Mr Don Fites, executive vice-president of Caterpillar Tractor, the world's leading construction machinery maker, says: "*They* need roads, irrigation, food, water, electricity. In one fashion or another, the rest of the world will find it desirable to meet these demands."

Until investment activity resumes in the developing countries, the most exciting *market opportunity for* capital goods makers is likely to be in factory automation. The emergence of new technologies, such as robotics and the control by microprocessors of industrial machinery, has opened up the prospect of automating many more manufacturing activities.

Hard-pressed traditional capital goods producers have seized on this market as a potential *growth* area, and in the past year several have made significant opening gambits or development moves. Rockwell International, for example, paid $1.65bn for the control equipment maker, Allen Bradley. Siemens of West Germany *has* bought an interest in Gould, another US control maker, and *Digital Equipment of the US* has tied up with Comau of Italy.

So far, the factory automation market has proved a disappointment to those who were ahead *of their rivals in becoming in*terested in it, such as General Electric of the US. Even the *leading* machine *tool* companies, such as Yamazaki of Japan and Cross and Trecker of the US have been surprised at the reluctance to buy the latest flexible manufacturing systems. The problem, it seems, is that few companies want to spend heavily on automation until they are sure that the new systems will work.

Perhaps 1986 will be the year they lose their inhibitions.

The challenge that faces the advanced economies

LABOUR
JOHN LLOYD

IN THOSE countries where industrial development has raised the economy above simple agrarian or subsistence *levels* the world of work continues to undergo dynamic change. The newly industrialis*ing countries,* in taking *over* sections of production previously regarded as the preserve of the West, advance their economies and provide higher paid employment for their people. In so doing, they are pushing the economies of Western Europe, the US and even Japan out of some markets and into new products or services.

The advanced economies will *thus face the twin pressures of* increasing competition and of automation which in some key sectors will continue rapidly to replace both intellectual and physical labour. The first of these pressures calls for productivity improvement; the second means that many types of unskilled and semi-skilled *labour are disappearing* and with them useful places in society for men and women who leave the educational system early.

At the same time, anti-inflation policies especially in Western Europe, suggest that unemployment will continue to rise or at best remain constant. *Though the Organisation for* Economic Co-operation and Development has recently forecast a comparatively bullish 2.5 to 3 per cent growth rate over the next 18 months it does not see the 8 per cent unemployment rate in *its 24* member countries (11 per cent in Western Europe) being dented.

These pressures and trends have another effect: change has become endemic in the labour *market in Western Europe* and the US—in the nature of work, in the terms under which workers are employed, in the relationship between managed and management and between workers and their unions. Skills are becoming less defined by craft status, more by the demand of the job in hand and by the inherently greater flexibility of automated technology. Demarcation lines tend to be eroded; the divide between technical and skilled labour tends to disappear. At the same time, employers seek flexibility in other ways—in the construction of workforces which are *composed not only* of "core" full-time workers, but also of part-time labour, *freelance and contracted* workers. The common wisdom is that large-scale bureaucracies *must* be broken up: that management control must be reasserted (where lost) and exercised at the "front line," at plant or office *level.*

At the same time as the concentration of capital continues worldwide through mergers, acquisitions and linkages, so the concern of management *will* be more and more to ensure that labour, including managerial labour, is as far as possible organised in small, decentralised task groups—a pattern which follows the now dominant production technology, automation.

Small, decentralised task groups and automation

The emphasis now in all advanced economies and in the leading, new industrialised states is on training and on the replacement of physical by mental labour. In Western Europe and in the US comparisons of the economies' relative positions *vis-a-vis* Japan, South Korea, Taiwan and other Pacific rim countries now focus more and more on the latter countries' superiority in the creation of a culture, crucially *including an educational level* conducive to productive work. This concern is particularly *acute in the UK* where technical education has been relatively deficient since the *19th century, when efforts* were made to catch up with the then growing industrial power of Germany.

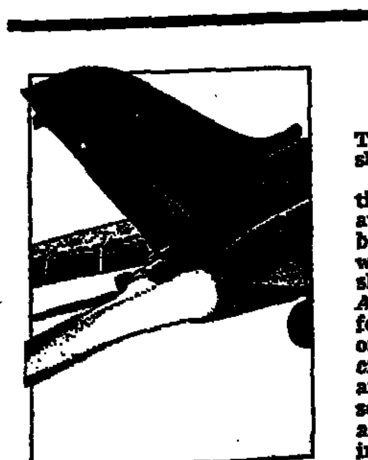
Organised labour is likely to continue to be weakened by these developments to the point where, in some advanced countries—such as the US and France—large tracts of the economy have little or no effective *organising power, at least* not one organised by the unions. In developing countries, however, growth of industry is likely to remain paralleled by the growth of unions—often, as in South Africa, Latin America and elsewhere—with explicitly political ends. The US labour movement, under 20 per cent of the workforce within its ambit, has tried but so far failed to break out of the grip of the *older industries in the older* industrial states — and its vigorously pursued "southern strategy" aimed at recruiting new sections *of* workers in comparatively under-unionised states has had little effect.

In France and Italy, intensely political labour movements *have suffered from recessions* and from over-enthusiastic identification with socialist parties and/or the government of the day. In the UK, a tighter framework of law, unemployment and a loss of authority on the part of union leaders over-reaching themselves in their enthusiasm to destabilise the Thatcher *Government* by industrial action have forced a pace of change faster than elsewhere —and one likely to continue, as unions jostle for advantage and for members. In West Germany, the union movement has pragmatically kept its powder largely dry and is likely to survive with fewer changes than *elsewhere.*

In all the advanced economies the demands of women for more work and for equal wages will continue to be heard —causing some tension in workplaces as old wage structures favouring male workers are gradually tackled. Equal *rights to work for women* and for racial minorities are likely to give rise to as many problems *as traditional* wage bargaining in the near future.

However, the overall question which remains to be answered is this: Can the advanced economies retain their standards of living, including the social and wage protection accorded to their workers, while at the same time continuing to be competitive? Or will the future dictate a lowering of wages, at *least in some sectors,* a diminution of social protection in order to meet the challenge *from* labour *forces* who have yet to earn such benefits?

Britain's private sector reaches for stars



AVIATION
MICHAEL DONNE

A *MAJOR* restructuring of much of UK civil aviation activity will occur during the coming *year,* as the Government pursues both its privatisation plans and its other ideas *for injecting* more competition into the air transport industry.

With the Laker affair now settled, *British* Airways is on course for its own privatisation around the middle of the year. The sale of 100 per cent of the shares could raise £1bn.

Before then, *perhaps* some time in January, the long-awaited Civil Aviation Bill will be *published.* Primarily, this will outline the plans for reshaping the British Airports Authority (BAA) in readiness for privatisation later in 1986 or early in 1987, with the creation of a holdings board and the establishment of separate subsidiaries to run the airports under the BAA, including Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Aberdeen and Prestwick.

Privatisation of the BAA is expected to yield around £500m.

The Bill will also outline the Government's plans for the future of local-authority owned airports. The Government wants to see these—over a score of them, some profitable but others not—turned into public limited *companies, with local* authorities holding some of the shares but provision also for private *investors to participate* eventually.

Other aspects of the Bill will be to *provide for* the Civil Aviation Authority to assume overall powers to regulate the use of airports, such as by controlling the distribution of traffic between them, to avoid congestion at some and under-utilisation at others. The CAA, in readiness for this, has already asked the airlines and other parties for their comments, before making submissions to the Secretary of State.

The effects of the Laker affair

The effect of this part of the Bill could, in the long term, govern how much of the UK's air *traffic is allocated,* especially in the crowded London and South-East region.

While all *this is* underway, the Government will be pursuing its campaign to inject a *greater degree of liberalisation* into European air transport, along with cheaper fares where possible. This will require further patient diplomacy, in a bid to break down the reluctance of some European governments and *airlines* to change, although agreements already reached with the Netherlands, Belgium, Luxembourg, and to a lesser extent, with West Germany and Switzerland, have done much to improve the climate. Over the next few months, the Department of Transport will be seeking similar agreements with Scandinavia, Finland, Italy and the Iberian countries.

Also in the next few weeks, the Transport Department will begin *talks* with the US on a possible revision of the current Bermuda Two air agreement *governing Atlantic* air operations. A new pact is not sought, for the existing one generally works well *enough. But the* Government has been deeply disturbed at the ramifications *of the Laker affair,* and especially at the way in which the US anti-trust laws have been *imposed on* UK airlines whose operations it believed were governed by Bermuda Two. The *Government* maintains that Bermuda Two is a treaty whose provisions should over-ride US anti-trust laws, and it wants to see *that principle enshrined in* the pact.

More competition will be *introduced onto long-haul* air routes as the Government licenses other UK airlines to fly against British Airways. British Caledonian has already asked for rights to Japan, and if the CAA grants these, there will have to be negotiations for the necessary Japanese approvals. In view of Japan's recent decision to open up international air routes to more of its own airlines, ending Japan Air Lines' monopoly, this may be easier than originally thought, but the UK will have to make some concessions to get its own way.

Throughout the coming year, air traffic to, from and throughout the UK, is expected to *expand further.* The new Terminal Four at Heathrow will open in the late spring, but once British Airways' *long-haul* operations have left Terminal Three for Terminal Four, the former will be partially closed for modernisation.

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Nigeria and its creditors

FOR THE first time since Nigeria began its slide into recession in the early 1980s, as oil revenue fell, trade arrears mounted and economic management took second place to personal enrichment by the politicians, the Government has provided some evidence of willingness to tackle the country's economic crisis at its heart.

President Ibrahim Babangida's New Year address outlined a range of structural reforms long advocated by many Nigerian economists as well as outsiders. At the same time, he has asked for the continuing forbearance of Nigeria's creditors by unilaterally setting a ceiling of 30 per cent of foreign exchange earnings for the servicing of the country's total external debt of $16-$17bn.

Rescheduling

Yesterday Dr Kalu Kalu, the Minister of Finance, indicated that this percentage might in fact be flexible, but confirmed that Nigeria would seek the rescheduling of its medium and long term debt. The question that arises is whether Nigeria has gone far enough to justify a sympathetic response while reminding the country of the continued need to seek an agreement with the IMF.

Many creditors may find this difficult. The 30 per cent ceiling for debt servicing seems reasonable—it is hard, in practice, to imagine Nigeria paying out more than this and getting its economy re-established as a bankable proposition in the longer term. But consultations about such a target, rather than delivery of what seemed an ultimatum, might have helped ensure better understanding of the government strategy.

Nor will the long-suffering exporters in Britain and other western countries, facing continuing delays in the repayment of some $5-7bn trade arrears have much sympathy for President Babangida. Promissory notes issues to date represent barely a quarter of the outstanding amount as the process of reconciling claims with documents held by Nigeria's Central Bank drags on—and they are themselves only the replacement of one form of debt with another.

Nevertheless, the fact that the President's budget address contains action as well as promises of reform suggests that the answer to the question should be a cautious yes.

The most dramatic step, and one which required considerable political courage, was to slash the state subsidy of petroleum and diesel and thus to invite fuel price rises of more than 100 per cent.

The President also pledged an effective reduction of the overvalued Naira by a combination of a managed float and a two-tier exchange rate which allows the regular auction of a limited amount of foreign exchange. Third, he indicated that the Government would take what was seen as a first step towards the liberalisation of trade by introducing a new category of import licence for Nigerian businessmen with foreign exchange resources outside the country.

While President Babangida also promised a range of other reforms—such as a cut in government subsidies to state-owned companies, an export promotion scheme and an overhaul of agricultural policy—it is these first three issues over which negotiations with the International Monetary Fund (IMF) for a $2.5bn loan collapsed last year.

These negotiations are a highly sensitive matter, and feelings on the subject in Nigeria run high. Last month the Government pre-empted a coup in which one motive was almost certainly the belief among the plotters that they could take advantage of strong anti-IMF sentiment in the country.

Yet, whatever the internal political tensions, an agreement with the IMF remains essential to Nigeria's economic recovery. Western credit agencies have long insisted that a Fund agreement is a precondition to the rescheduling of some $3bn insured trade arrears, and government and commercial bank creditors from whom Nigeria is seeking relief are almost certain to adopt the same stance.

President Babangida's tough budget measures are a considered response to his country's predicament by Nigeria's own policy makers. Thus, de facto, the gap between Lagos and the Fund has been narrowed providing a much improved basis for renewed negotiations with the IMF that could add the Fund's imprimatur to a broad rescheduling of the country's debts

The regulation of gas prices

THE IDEA that low gas prices can be good for British Gas, good for consumers and good for the nation has an obvious political appeal.

So it is hardly surprising the idea is embedded in the proposed regulations which will govern British Gas when it is privatised, probably this autumn.

If British Gas were an ordinary manufacturing company there would be little argument about its policy of expanding market share by holding prices to the minimum consistent with a fair profit.

But British Gas is a monopoly and a steward of the national interest, whose main job at present is to dispense a finite national resource from the North Sea.

It is by no means obvious that the nation should use up that resource as fast as possible by under-pricing. Indeed there are good arguments why this premium energy source should be husbanded carefully in relation to more abundant coal reserves and potentially unlimited nuclear energy.

Otherwise future generations may justly question the country's profligacy in using up natural gas at a time of large over-capacity in electric power stations and surplus coal production.

That question is inextricably linked with the way in which relative energy prices are set. And most economists agree that resources will be allocated most efficiently when the price of each competing product reflects the cost of producing a marginal extra quantity.

In the case of energy there are major practical difficulties in estimating the marginal costs over a long period. However the consensus within and outside Whitehall is tat on this criterion gas prices are now some 15 per cent to 20 per cent lower than they should be.

It is easy to see how this has happened. After the Herculean task of exploiting the North Sea fields and converting mainland consumers to natural gas. British Gas used its protected monopoly buing power to obtain very cheap long term supplies from the Southern Basin fields off the Norfolk coast. It passed most of the benefit of lower prices on to the consumer.

This policy helped to improve its dowdy image for slow speed service; it helped to expand the business by undercutting other energy sources; it limited the scope for the Treasury to gobble up gas profits.

Until 1980, when the Government decided to push domestic gas prices sharply upwards, consumers were well pleased with this policy.

Now, however, the position looks different, as gas supplies from more distant and deeper waters become scarcer and more expensive. Yet British Gas has a legal duty to maintain supplies to all those domestic customers which it has assiduously wooed; so it will have to pay higher prices to persuade North Sea companies to keep up their exploration and development.

Indeed, one of the Government's major objections to the corporation's plan to buy gas from the Norwegian Sleipner field was that these foreign supplies would not be needed if gas were correctly priced.

Moreover, if prices were at a more realistic (higher) level, the Government need not be so anxious about the need to use trade restrictions to keep its control over the depletion of UK reserves. A free market is likely to achieve a better result than the guesswork of ministers.

Competition

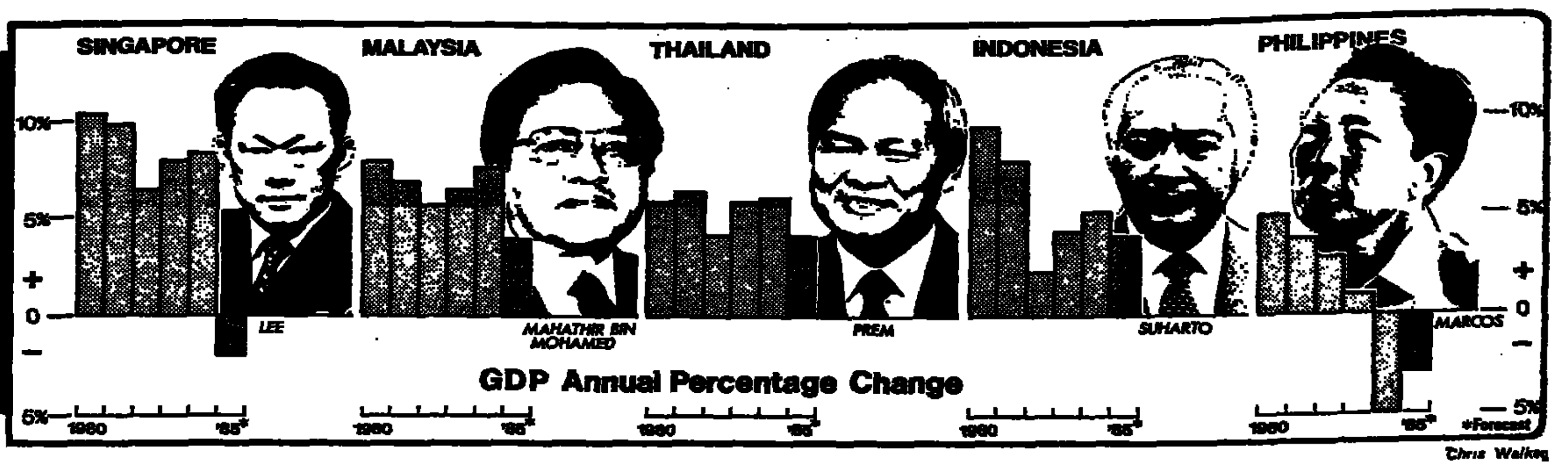
The problem of regulating a private gas monopoly therefore presents the strange paradox that a regulator's main task in the near future might need to be to prevent prices from rising too slowly.

In the UK, where competitive pressures will be negligible, regulation must try to imitate the market as best it can. But higher prices need not lead to windfall profits in the private sector.

The best solution would be for the Government to tailor the gas levy to cream off excess profits for the benefit of all taxpayers. But this would require it to set a yardstick for the level of profits which the corporation should be allowed to retain. Instead it has opted for a pricing formula which will permit British Gass to pass on increases in its costs of supplies to the domestic consumer.

This wil gradually push prices up as more expensive fields come into production, but the danger is that this will be too little and too late.

S.E. ASIA: HOW ECONOMIC GROWTH HAS FALTERED



Chris Walker

The gloom has spread

By Chris Sherwell, South East Asia Correspondent

FOR ten years and more up to 1984, the resource-rich non-communist nations of South East Asia seemed to defy gravity.

Singapore, Malaysia, Indonesia, Thailand and the Philippines rarely showed annual growth rates of less than 6 per cent, and displayed a political alignment and domestic solidity which was an example to the world.

Now, in a great shattering of illusions, they are coming down to earth with a bump. A mood of despondency is growing over the region's economic prospects which is spilling over into the political sphere. Economists, bankers and businessmen—not to mention officials and politicians—nod ruefully when asked if the South East Asian "bubble" is bursting.

Nothing like this seemed likely even as recently as a year ago. Growth in four of the countries—Singapore, Malaysia, Indonesia and Thailand—was closed to best-ever levels for the 1980s, and inflation was reined in. Potentially worrying current account deficits and possible external debt problems were being brought successfully under control with an internationally-endorsed range of policies.

The only exception, the Philippines, seemed just that: an aberration. The one country forced to seek a debt rescheduling, it appeared to suffer special problems brought on by the assassination in August 1983 of the main opposition leader, Mr Benigno Aquino, and by uncertainty over President Ferdinand Marcos's health.

Yet the gloom has spread. The situation in the Philippines has, if anything, deteriorated, and the country is unlikely to recover its pre-1983 economic position before 1990. By that time, some feel, the intensifying Communist-inspired guerrilla insurgency will still not be thwarted, and at worst will have expelled the US military from its strategic air and naval bases in the country.

The other countries, all linked with the Philippines in the Association of South East Asian Nations (Asean) and deeply worried by events there, have in recent months suffered their own economic setbacks.

One major reason is the slowdown in the US, which is these countries' most important export market apart from Japan. This has particularly affected Singapore, just as it has hit Asia's other "Little Dragons," Hong Kong, Taiwan and South Korea.

More important for Singapore's Asean partners has been the first across-the-board fall in major commodity prices in years. Oil, rubber, tin, palm oil, timber, sugar, copra, rice and tapioca have all weakened damagingly. This vulnerability shows how these countries remain dependent on traditional agricultural and mining activities despite their notable efforts at industrialisation.

Specific industrial trends have not helped, however—for example, the shake-out in the world computer market has badly hit Singapore and Malaysia. Nor have growing protectionist pressures in the developed countries, as the case of the textiles industry has demonstrated

As a senior Malaysian banker explains, it is not just the region's low-cost manufactures which are affected by such trends: "It's our commodities too. If South Korea can't export shoes to the US, they won't buy our rubber."

There is also growing concern among governments in the region that Japan, perhaps the biggest foreign investor, is now choosing to set up new plant in Europe and the US rather than South East Asia because of protectionist pressures in the developed countries.

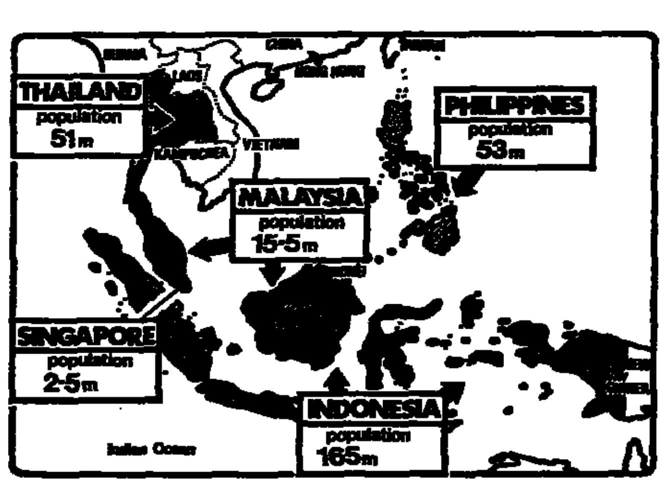
Of course, all the non-Communist countries of South East Asia have recognised the need for foreign investment and have tried to tailor their policies accordingly. Committed to free enterprise, they have striven to maintain their international credit ratings through prudence on the debt and balance of payments frounts.

But now, after years when things have gone well, a period of slower growth is suddenly upon them and some economists believe it could take up to the end of the 1980s to reverse the trend.

Indonesia, the region's giant with a 165m population, has already admitted that growth will slow in 1986 and that this year's budget will be one of even greater austerity. As Asia's principal oil and natural gas producer, it expects to suffer from a continuing fall in petroleum prices. Currently oil and natural gas provide 65 per cent of the Government's revenues and 73 per cent of the country's foreign exchange earnings

Though Indonesia's non-oil exports—rubber, tin, palm oil and timber—now compete well against Malaysia, to the latter's chagrin, its main problem is that it has to cope with 1.8m job-seekers coming on to the labour market each year. The country has prudent and respected policy-makers and substantial reserves and undrawn debt, but its path to "take-off"—President Suharto's goal for the 1990s—now looks awkwardly littered with obstacles.

Thailand, the world's largest rice exporter and a major producer of rubber, tin and tapioca, is also revising its growth projections downwards. If the rate dips below 4 per cent in 1985 and 1986, it will represent the most serious setback the country has faced in two decades, bringing unpredictable consequences.



Malaysia, despite moves towards industrialisation, stands to suffer severely from a continuation of weak commodity prices. The world's largest producer of tin, rubber and palm oil, it cannot easily cope with those rare occasions when all go down together.

Official forecasts that Malaysia will achieve 6 per cent growth in 1986, higher than the 1985 projection of 5.2 per cent, are not widely believed.

Worse than this, Singapore, plagued by a self-imposed injury of high labour costs and a strong currency, suffered a 1.7 per cent economic contraction in 1985, the first since 1964, and faces zero growth this year. The deceleration of the past year, from 8.2 per cent in 1984, is sharper than any country can reasonably be expected to bear, although Taiwan in 1974 and South Korea in 1980 suffered sharp similarly reverses.

Were these broad economic worries the whole story, the changing condition of South East Asia would be significant enough. But the political and international outlook is also compounding the difficulties and deepening the anxiety.

The Philippines' domestic troubles have entered another turbulent phase with a "snap" presidential election next month, well ahead of the 1987 expiry date for President Marcos's current six-year term. If the autocratic ruler wins—and despite the recent alliance between the two main opposition candidates he has all the advantages conferred by 20 years in power—he will expect to stay in power until 1992 unless the insurgents, or the military, or his own recurrent illness compel him to go. Whatever happens, uncertainty without fundamental reform may continue.

Indonesia and Singapore have powerful rulers of equally long standing. President Suharto has been in charge since 1966 and is now 63. Mr Lee Kuan Yew, 62, has led Singapore as Prime Minister even longer, since 1959. Both clearly plan to hold executive positions for the foreseeable future, although Mr Lee has hinted at giving up the premiership at 65 and then taking on a new presidential role.

In both cases, though for different reasons, the succession is not obvious.

If the succession in Malaysia is clearer—Datuk Musa Hitam, Deputy Prime Minister, has long been expected to take over from Datuk Seri Dr Mahathir Mohamad—there is some doom about the political outlook in a country where stability depends on a delicate and potentially explosive racial and religious balance.

The blackest scenario forecasts embarrassing revelations for the dominant Malays in the Carrian trial which opens in Hong Kong this year, a slump in the local stock market as the economy weakens, a haemorrhaging of support in the Chinese community for their main political party, and persistent difficulties in the rich East Malaysian state of Sabah, where for the first time a non-Moslem party was returned to power early last year.

Little or none of this need come to pass, but it says something that few people in Kuala Lumpur actually find the picture alarmist. The same is true of gloomy forecasts for Thailand, where an attempted coup in September, though unsuccessful, dashed hopes that the country might finally have escaped such problems after so many previous military interventions.

The coalition government of General Prem Tinsulanonda remains troubled, embarrassingly indecisive and seemingly vulnerable, diplomats say.

The US, for its part, is strongly committed to Thailand's defence, but here as in the Philippines it is not clear whether Washington would go as far as committing land forces in support of the two governments.

Thailand, Indonesia, Malaysia and Singapore plainly do not wish to jeopardise their non-aligned status. But some people feel there is a case for them shouldering more of the defence burden themselves, particularly after their remarkable economic progress of the past decade.

In fact each has been buying large quantities of military hardware. Thailand, Singapore and (probably) Indonesia are purchasing sophisticated F-16A jets, for example, while Indonesia, Singapore and Brunei (the sixth Asean partner) have all bought expensive British Rapier missile systems. Singapore is also spending hundreds of millions of dollars on an airborne reconnaissance system.

Yet neither the hardware nor Asean—which is emphatically not a military alliance—would be enough to match the might of the Soviet Union and the Vietnamese. Soviet ships, submarines and aircraft now venture regularly out of Cam Ranh Bay and Da Nang, the former US bases in Vietnam, penetrating as far as the Straits of Malacca.

Asean itself is meanwhile showing wider divisions than in the past. On the single issue which has united the Six—the Vietnamese military occupation of Kampuchea—the hard line of Thailand and Singapore is proving increasingly difficult to reconcile with Indonesia, which continues to see China, rather than Vietnam, as the major threat to the region's long-term security.

Part of the difficulty is that Asean's members have competitive rather than complementary economies, and nationalistically-inclined leaders who have yet to supply the political impetus for co-operative investments. It is a moot point whether the current downturn will change that.

Outsiders point to other much-needed measures: a relaxation of foreign investment regulations, greater emphasis on the role of the private sector, more efficient and less costly bureaucracies and, above all, a curb on corruption.

It is to the credit of these South East Asian countries that these and other problems are well-recognised and, in many cases, tackled. This is a region which is far from being "written off," like Africa or Latin America, and which continues to offer its own enterprising people and foreigners opportunities they could not find elsewhere.

Few people doubt that South East Asia's basic wealth, in resources and in people, will ensure that this continues. Even now, as the mood goes into reverse, many banks are ready to lend on fine terms precisely because of this, as both Thailand and Malaysia have recently demonstrated.

At the same time, however, the euphoria of recent years is dissipating, some of it visibly transferred to nearby China, where it might one day reflect back to the benefit of all Asia. Either way, South East Asia now faces adversity. If that does not automatically mean decline, the change is still humbling, and perhaps not altogether bad for that reason.

Men and Matters

Park promoted at STC

Alex Park seems to have learnt how to survive a boardroom bloodbath with remarkable skill. As two more directors parted company with STC, the troubled telecommunications and computer group, Park was promoted yesterday to deputy chief executive.

He will shortly be the only long-standing executive director of STC to remain on the board after Lord Keith's palace coup in the summer which led to the departure of Sir Kenneth Corfield, chairman and chief executive.

Park's last experience of a boardroom shake-up was rather less happy. As chief executive of British Leyland—with the unhappy task of implementing the Ryder Plan—he was rapidly demoted, and finally left the company, after Sir Michael Edwardes moved in as chairman in late 1977.

A bluff and amiable Yorkshireman, Park, 59, trained as a cost and management accountant after starting out to become an engineer. He is a vintage car enthusiast—an interest which he picked up at BL.

"What Bob Geldof needs is a bit of grooming from Sir Gordon Reece."

He joined STC in 1978 as director of financial controls—which makes his survival all the more remarkable for one of the recent criticisms of the company was its weakness in that area.

Roy Gardner, who worked with Arthur Walsh, STC's new chief executive, at Marconi, takes over Park's old job. He is expected to introduce a very tight system of controls, much like the two men were used to at GEC.

Other than Park, the only other long-standing executive director still on the board is Ken Walton, who is on extended leave and unlikely to return to the company.

The question now is: will Lord Keith turn his attention to STC's eight non-executives? Three of them are new and three of them are nominated by ITT which owns 24 per cent of STC. Of the other two, the hard-pressed royal, Prince Michael of Kent, looks most vulnerable.

Power point

Britain's electrical industry has a great opportunity to spotlight itself in the US—if only the transformer companies were switched on.

That is the view of Alan Plumpton, deputy chairman of the Electricity Council, who has just returned from a trip to Washington.

Plumpton is also chairman of the electricity supply industry's pension fund, which owns a prestige piece of downtown Washington called L'Enfant Plaza, a new complex of hotel, theatre and shops, mostly underground. This valuable real estate is surrounded by federal government departments and agencies such as Nasa.

Because of new US legislation forbidding the use of toxic additives, called PCBs, in electrical oils, the Plaza must replace the three 2,000 kVA transformers supplying its power.

The Electricity Council has invented a fluid which, it claims, not only eliminates the need for PCBs but allows the design of smaller transformers, less susceptible to breakdown.

Plumpton believes this could enable the British industry to secure a showcase for itself in Washington. But to his great frustration, he says that Japanese companies have so far been much keener to adopt the Council's invention than Britain's seven transformer companies.

Makins' trend

Dwight Makins may sound like one of President Reagan's advisers or the latest addition to the Wall Street arbitrageours' club. In fact, he is the young Englishman who was yesterday named as managing director of the John Govett investment trust.

His first day in the job was a busy one, spent unveiling another novel development in the world of take-over bids. Makins, 34, announced that John Govett had become the first investment trust to make a full bid for a company in which it has a large investment.

He described the bid for Macarthys Pharmaceuticals as a management "buy-in"—though the identity of Govett's proposed new chief executive for the company remained a mystery.

City analysts agree that investment trust take-over bids could become one of the trends of 1986; and Makins has a suitable background for a City trend-setter.

His father is Lord Sherfield, who was permanent under-secretary at the Treasury, British ambassador to Washington from 1952-56, and latterly chairman of Hill Samuel.

After Winchester and Oxford, Makins worked for a stockbroker for two years and has spent 11 years since with Govett, mainly on the US investment side.

Despite his mother's American nationality and his father's link with the US, Makins is not named Dwight after President Eisenhower. "I'm actually named after my grandfather on my mother's side, Dwight Davis, who was a semi-professional tennis player and the original donor of the Davis Cup." Makins says.

Decibel count

The EEC's decision last month to launch a campaign against excessive noise in the workplace could hardly have been better timed for Guernsey consultant engineer, Christopher Henn-Collins.

He has just developed a "noisemeter," little larger than a cigarette packet, in which a moving light shows the level of sound simply by pressing a button.

The meter registers from 60 decibels (the hum of a busy office) up to 120 decibels

Henn-Collins, aged 70, started a business at Worcester Park, Surrey, when he came out of the Royal Corps of Signals in 1951, but moved to Guernsey in 1970. He developed the instrument for a Chicago client Pioneer Electric.

With a dozen patents to his credit, Henn-Collins has also been applying his inventiveness to the stock market in a bid "to keep up with inflation."

He has worked out a method called the "H-C Count" for predicting the peaks and troughs of share prices and expounded the system last year in the journal of the Market Technicians Association of New York.

Well bred

Chelsea graffito: "The upper crust is just a lot of crumbs sticking together."

Observer

Britain's sex discrimination laws 10 years on

Why some are still more equal than others

By Elspeth Howe

IT IS exactly 10 years since that huge package of "equal opportunities" legislation, the Sex Discrimination Act and the Equal Pay Act came into force. Its purpose was to outlaw discrimination on the grounds of sex and marriage in the specific areas of employment, education, and "goods and services." The Employment Protection Act's provision of maternity leave after two years in a job was part of the package.

The legislation was neither perfect nor comprehensive. The Equal Pay Act, useful for "the same" or "broadly similar" jobs lacked bite when comparing jobs of "equal value." Sex discrimination in taxation, immigration policy, actuarial calculations for insurance, and retirement ages for both sexes were deliberately excluded from the Act. But the package set up an agency. The Equal Opportunities Commission not only has legal powers of enforcement, but also a brief to persuade.

It has made some progress. Commenting on the protracted business of changing attitudes, the first annual report* said: ". . . every organisation . . . needs to be aware of the effect of its policies and practices in shaping opportunities open to women . . . equal opportunities are not, and cannot be, the exclusive concern of the EOC."

So what have we achieved between us all?

Most jobs, theoretically, are now open to both sexes. Company recruitment officers no longer interview only male university graduates as potential management trainees. Job advertisements routinely make it clear that vacancies are open to the suitably qualified of either sex. "First" into previously male territory no longer make the headlines.

We have training programmes for women to learn non-traditional skills, and refresher courses for "returners" to paid employment after family breaks. Unemployment may have hit women harder, especially those non registered officially as unemployed—at an estimated 270,000, double the number of men—but women's economic participation rates have begun to rise again. Some 9 per cent of women earn more than their husbands (in 1968 3.5 per cent). Looked at from another angle, but for the wife's earnings, treble the present number of families would be below the poverty line.

In education, complaints that girls still had to "opt into" metal or woodwork to sidestep automatic allocation to cookery or needlework have virtually died away.

There is a growing acceptance that early careers advice is especially important for girls, well *before* the vital fourth-year and fifth-year option choices are made; above all, on the risks incurred by "giving up" science and maths at school, blocking off training and employment opportunities later on.

Between 1970 and 1981 the percentage of girls passing A level physics rose from 16.7 per cent to 20.1 per cent; in mathematics, from 17.6 per cent to 27.4 per cent; in economics from 18.9 per cent to 33.6 per cent. But significant job-related gaps remain. Girls who passed A level technical drawing in 1981 represented a mere 1.6 per cent of total passes. University subjects studied reflect O and A level trends, and the overall female percentage of undergraduates—up from 27.6 per cent in 1970 to 41 per cent in 1984—is encouraging.

Other obvious handicaps to equal opportunities—in seeking credit, mortgages or housing tenancies—are on the way out. Both the "male guarantor" requirement and the less-than-subtle strategy of refusing credit to those in part-time work, have been exposed as unlawful. In housing, local authorities and housing associations routinely grant tenancies either jointly or to the wife where appropriate.

Discriminatory British laws on nationality have been removed. Immigration rules, too, now apply more equally to non-British intended spouses of either sex. Taxation of married women is about to be tackled.

EEC equality laws and directives, particularly the 1984 Equal Treatment Directive, have served both to buttress and extend the effect of UK legislation.

Recent advice from the EEC's Advocate-General, if followed by the European Court of Justice, may help to speed progress towards equalising the retirement age for both sexes—in general within the EEC, in particular in the UK. Take Miss Helen Marshall, employed by the Southampton Area Health Authority, who wanted to continue working until the age of 65.

Unable, under British law, to avoid being dismissed at 60—the Sex Discrimination Act specifically excludes retirement—she took her case to Europe. The Advocate-General advised that contractual provisions for compulsory retirement at a certain age form part of any employee's working conditions. It follows that to retire a woman compulsorily from employment at a different age from a man is in breach of the Equal Treatment Directive. Even more important is the Advocate-General's opinion that where the *state* is the employer, the directive should take precedence over domestic law. On this basis, the UK Government, in the form of the Southampton AHA, or any other state employer cannot lawfully impose upon its own employees a retirement condition that discriminates on the grounds of sex.

The state of equal opportunities in 1985 reveals a UK which increasingly accepts that it is unethical, counterproductive and unlawful to discriminate "directly" on the grounds of sex and marriage, but has not fully grasped the equally important concept of "indirect" discrimination. We now need to focus on this—especially in employment.

The scene up to the point of recruitment has begun to look healthier. The percentage of women graduates entering commerce and industry have more than doubled their percentage since 1970. In the professions, accountancy passes have trebled, and women gaining Institute of Banking qualifications rose from 1.9 to 20.6 per cent between 1979 and 1983. Women solicitor students, 29 per cent only six years ago, are now 45 per cent of the total. But unless indirect blocks to career progression can be removed, further progress is unlikely.

Indirect discrimination is applying requirements or conditions apparently equally to both sexes, but with the practical result that one sex is less able to comply.

The best known case of indirect discrimination is that of Belinda Price, who married early and left employment to bring up her young family. Later, qualified as a mature student she applied to the Civil Service as an executive officer and was refused entry at that level because of the age limit of 28. She was 32. An Industrial Tribunal found this service condition "indirectly" sex discriminatory because more women than men rear children during the traditional recruitment years. The Civil Service subsequently raised the age limit to 45.

The Civil Service has since declared itself an Equal Opportunity employer. Yet it is again defending a rigid age limit; 32 years for those applying for entry to the "fast stream" administrative grade at the Foreign Office.

The FCO (which has only one woman out of 140 in the top three grades) defends its practice on the grounds that applicants over this age would not have time to reach Ambassador level . . . as if everyone did.

Indirect blocks to equal pay can also be identified. Women's hourly pay has risen since the Equal Pay Act from 63 per cent of men's to 74.2 per cent in 1983. (The 1984 figure has slipped to 73.5 per cent.)

One reason for slow progress is that women earn less because of family responsibilities. Another is that most still work in sex-segregated and traditionally less well paid jobs. (Some 60 per cent of all women work in service industries like catering, laundries and shops.) The 1984 Equal Pay Amendment Act, despite its complicated and laborious procedural hurdles, will help. Claims that jobs are of "equal value" have allowed fish packers to have their pay upgraded to labourers, a cook to the level of painters and joiners. A firm settled out of court with clerical workers who claimed parity with better paid manual workers and many more cases are in the pipeline.

Part-time work also highlights the indirect discrimination women face as they seek to combine their many roles. These workers, largely married women, now form 24 per cent of the total workforce. Almost 90 per cent are in the low paid but expanding service sector; 45 per cent of women returning to work are in a part-time job below levels for which they are qualified.

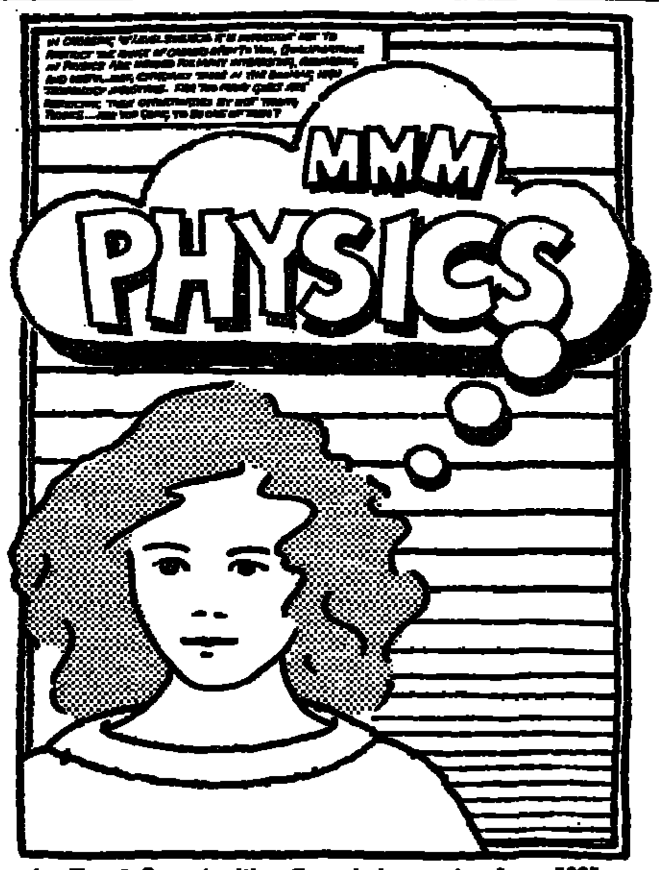
If we are not to waste talent, part-time work should be seen not as some temporary, transitory experience, but as a normal option during any career. A Mrs Holmes had to take court action against the Civil Service to be allowed to continue her work with the immigration department on a part-time basis after the birth of her second child.

Our work ethic still assumes a male workforce with wives and female relatives at home. Our institutions—management unions, parliament and the rest—have yet to face the policy implication of vastly changed family lifestyles. They should take account of the practical family responsibilities of both parents, and of a demographic trend showing the very elderly doubling by the turn of the century, with a further explosion between 2010 and 2030. The assumption remains that the burden of caring will fall on women, presumably on that endangered species, the Unmarried Daughter.

It is all the more disappointing that Britain stands almost alone among EEC members in rejecting a parental leave directive which recognises that fathers, as well as mothers may need time off work.

Has the balance of power in the equal opportunities debate shifted in favour of women? Probably "yes" as far as attitudes to direct sex discrimination are concerned, much less certainly on *indirect* discrimination. The Government's decision to extend the scope of the legislation to cover firms employing five or fewer employees is another helpful step. But once again the Government is responding to a ruling by the European Court. Can we not expect our leaders to lead? The EOC, with a modest budget has made every effort to fulfil its responsibilities and to encourage us to fulfil ours. The rest of us, unions, employers and especially the less than enthusiastic efforts of successive Governments, barely deserve two out of 10. In the time-honoured phraseology of school reports: "Could do better—must try harder next term."

Lady Howe was deputy chairman of the Equal Opportunities Commission from 1975-79.



An Equal Opportunities Commission poster from 1985.

Lombard

How Britain can learn from Chad

By Anatole Kaletsky

NEXT TIME you go to Heathrow Airport pretend that you are in an impoverished Third World country. But first relax; you are not about to read a diatribe about "how hundreds of screaming babies and gabbling foreigners re-enacted the Black Hole of Calcutta at Terminal Three."

On the contrary, suppose you are flying from London to Singapore on Singapore Airlines' 10 pm service. You will arrive at the airport in comfort at 8.30 pm or so, having left your Chelsea home by taxi only half an hour earlier. The terminal you enter will be spacious, clean and all but empty. Any delay you might suffer will be attributable solely to a queue at the check-in desk, perhaps because the international airlines' bizarre procedures allow some clown ahead of you to reconfirm every reservation on his round-the-world ticket.

The Government may insist that Heathrow is so congested that another huge airport must be built immediately at Stansted. But in reality, the crowds, filth and noise are there for only a few hours daily, at most. The British Airports Authority chooses to impose a "peak" surcharge on passenger movements for just five hours a day — from 10 am to 2.59 pm. And even this surcharge applies only between April and October.

Of course the tax is far too small to have much impact on the lemming-like behaviour of the airlines, as anyone who tries to reach New York in time for lunch, or after a full day's work in London, soon realises. Although there are 11 daily flights (not counting Concorde) from Heathrow to Kennedy, none departs before 11 am or after 7 pm. But should the residents of Stansted suffer as a result of this?

Imagine now that Britain was a poor debtor country in Africa. How would the world respond to the Government's demand for another airport? The view in the World Bank and International Monetary Fund these days is clear. The era of grandiose investment projects is over. Countries should concentrate instead of making better use of the assets they already have. Judicious current spending, whether on road maintenance, medicines or teachers' salaries, is frequently seen as more "productive" than investment in new highways, hospitals or schools.

Could the same be true in rich countries like Britain? Instead of planning new airports, perhaps we could be improving the use of our present resources—for example, by employing more baggage handlers, immigration officers and airline personnel at check-in counters, as well as by raising peak charges.

Or take the Channel Tunnel. The seven hour train journey from London to Paris could be reduced to 3½ hours with high speed trains and a channel tunnel. But the tunnel itself accounts for only one hour of that saving; the rest would be due to faster trains and the elimination of customs formalities and transfer times on both sides. Trucks currently take nine hours to cross the Channel because of customs delays; potential gains from a tunnel pale into insignificance compared with the improvements which could be made at a fraction of the cost by simplifying the bureaucracy or employing more customs officials.

Other examples abound. British Telecom steps up investment in electronic exchanges, while operator services and public telephones are "rationalised" to save on staff. Schools continue to buy expensive educational equipment while teachers are squeezed relentlessly towards the bottom of the national pay league. London Transport spends money on facelifts to stations while trains and buses continue to be cancelled "due to staff shortages."

Such paradoxes are not just a matter of capital replacing over-priced and fractious labour. The much-abused investment lobbies which built "cathedrals in the desert" in developing countries, are as powerful in America and Europe. Governments obsessed with cutting public employment rarely analyse their current spending on the same generous cost-benefit principles which they use for high-profile investment projects. The managers of oligopolies like transport, telecoms or education love empires of plateglass, steel and optic fibres. They are less interested in harnessing their resources simply to give the customer what he wants—that would require tedious attention to unglamorous detail.

Letters to the Editor

UK grain trade

From the Chairman, Cereals Committee, National Farmers' Union

Sir,—John Cherrington, your Agriculture Correspondent, is wrong in suggesting on December 30 ("EEC tax plan worries UK grain trade") that the NFU favours an acreage co-responsibility levy for cereals. The NFU does not favour the introduction of any kind of co-responsibility levy. It is the wrong policy for dealing with the cereal surplus problem.

In the long term, market balance could be restored by a correct pricing policy provided measures are taken to develop the home market and alternative outlets for cereals and to develop alternative crops. Land use is the issue that needs to be constructively tackled.

In the short term we need other measures to deal with the EEC's over-capacity. For this we have suggested a method of operating a set-aside fallowing scheme based on annual "flexi-quotas." Simon Gourlay, our deputy president, spelt this out in your columns on November 29 ("Flexi-quotas for EEC grain"). This would prevent the build-up of stocks while other adjustments take place in the pattern of our farming. It would be a temporary measure, as distinct from permanent quotas.

The fact is that any co-responsibility levy, whether on sales or on an area basis, could indeed make permanent quotas more likely. But we hope to avoid the need for such quotas.

Patrick Tory.
Agriculture House, SW1.

Life in the Holy Land

From the Venerable C. Witton-Davies

Sir,—Your weekend supplement of December 21 last caught my eye. Having lived in Jerusalem for over five years, revisiting the Holy Land several times since, I am well aware of the frictions and tensions between the religious communities there, not least the various Christian bodies, western as well as eastern.

Nevertheless, Walter Ellis uses emotive terms — "turbulent priests . . . holy war, etc . . ." which are misleading, to say the least, and not a little exaggerated. There is no denying that tensions do exist, but these date back very many centuries, and to declare that "the little town of Bethlehem" is "at the centre of a holy war" is surely a gross exaggeration. Mayor Freij has a well earned reputation as a peace-maker, difficult as that reputation is to maintain anywhere, not least in the Holy Land.

What other towns or cities with such memorable and momentous histories could claim immunity from rivalries and strife? Let the many millions, who make pilgrimage to the Holy Land every year, not add to the many difficulties that beset those whose permanent homes and livelihood are there by casting stones. As George Herbert is quoted as having said, "who by aspersions throw a stone at the head of others, hit their own."

C. Witton-Davies.
199 Divinity Rd, Oxford

A different environment

From Mr S. Honeyman,

Sir, — As part of any annual property review for 1985, could I suggest a special award for sensitivity and perception to the sub-group of the property advisory group reporting to the Government on the "Use classes order 1972." After much deliberation, they could see "little or no distinction between the environmental effects" of a church, a dance-hall and skating-rink, and therefore recommended that no planning consent be required for changes of use between them. Many of their recommendations are of equal standard.

Is it possible that some peace-loving, rate-paying, even Conservative-voting human beings, not to mention the police might just possibly perceive a different environment living with a Hammersmith Palais in place of a Holy Trinity Brompton.

Stanley Honeyman,
17 Grosvenor Street, W1.

Shrinkage by another name

From Mrs I. Haag

Sir,—As an undergraduate reading economics I came across Gesell's demurrage or shrinkage money. Nowadays, of course, we "shrink" our currency by turning notes into coins. Shrinkage however seems to have become the "marketing policy" of the British hygienic paper industry—except that they call it "soft. softer, softest." Loo paper rolls get toy-size and the sheets, like paper hankies, become thinner, smaller and more expensive all the time. The fascinated user can only wonder where all this flimsy softness will end.

Oh, for the days when one could blow one's nose in one single tissue . . . and when toilet paper did not come in "softness" but in big, fat rolls of paper.

Mrs Inga Haag,
1, Upper Wimpole Street, W1.

Proposed extension of building society activities

From Mr R. Gerrard

Sir,—I have read with interest and increasing concern the proposed extension of building society activities. As we well know the whole movement is now an aggressive one which is determined to go forward to take a larger slice of the cake of personal business. This has proposed advantages (sometimes overstated) for the consumer, and certainly for those employed in a senior executive capacity.

The building society movement has derived from an original wish to create co-operative funds to provide, maintain and sustain private house ownership. The movement has had great influence for good over the years.

Has the time now come for society to say, "thus far and no farther?" There are a number of matters requiring consideration before society agrees to this extension of traditional activity.

If building societies are to be allowed outside the parameters of providing mortgage facilities for owner-occupiers, they are entering a commercial market and in the context of tax there is no justification for the existing composite rate. One can argue that providing the funds obtained from members are used purely for the true building society intent of financing house construction and occupation, there may be a justification for the composite rate, but for other monies to be used for the granting of mortgages for commercial purposes, and for future lending on an unsecured loan basis, the composite rate tax allowance for that proportion of such monies should be rescinded. I can see no justification for the taxpayer continuing to provide that particular subsidy.

If the movement is to enter unsecured borrowing arrangements in competition with the clearing banks, the community is entitled to know and indeed Parliament is bound to ask, whether the movement has the necessary expertise and capability. Should its advice on lending and borrowing be not sound it will indeed be yet another institution pumping money into the system but without responsibility.

In the transmission of money between offices the societies will have to bear the relevant costs as do the banks at present, and furthermore, the societies will not be able to lean on the banks to support their cash requirements and the ultimate transmission of surplus monies to a centre.

I have seen no figures indicating how much money in fact is required in the building society "pot." If the bulk of the money is still to be used for housing purposes, how much of the balance available can be directed towards the industrial market? It would be unfortunate indeed if having obtained statutory authority for this extension of the societies' traditional activities, the result is only a limited form of support for the industrial market. One is reluctant to see any more fiscal control than is necessary, but guidelines there will certainly have to be.

If the societies are to extend their services in the ways at present envisaged, they will be drawn into the net of the Consumer Credit Act with all the stringent obligations thereunder. I can *only* assume hopefully that they have done their homework on the complexities of the Act and will be in a position to provide the necessary expertise to ensure compliance with it. Lending in the unsecured loan market is a hazardous occupation and no amount of statutory control will prevent problems arising when the debtor is unable to pay the creditor and there is no security!

As a banker I express my concern for the good of the ordinary householder whose monthly repayments are in part going to support a business structure which to me looks as though it has something of the makings of a sand castle!

R. S. Gerrard,
Leasghyll Brow, Leasgill, Milnthorpe, Cumbria.

FINANCIAL TIMES

Friday January 3 1986

Tito's widow goes to court over legacy rights

BY ALEKSANDAR LEBL IN BELGRADE

AS YUGOSLAVIA continues to wrangle over Tito's political legacy, the late marshal's widow has started a court battle for a larger slice of his personal legacy, claiming cars, boats, carriages, horses, paintings, medals and a vineyard and orchard on an Adriatic island.

The Yugoslav parliament has now entered the controversy, decreeing that all those objects, such as decorations, presented to Tito as a token of esteem during his 35 years as leader of Yugoslavia, are public property.

That was a bid to block the claim recently filed by Mrs Jovanka Broz, Tito's widow, for a wide range of the late leader's considerable property and goods. The publicity now given to the affair has delighted local scandalmongers.

On the death in 1980 of Tito, a man not known for his ascetic style of life, an inventory was made of his personal cash, royalties from writings and all personal belongings and goods found at his many residences around the country.

According to Yugoslav law, his personal wealth and effects were to go, in equal shares, to his widow, Mrs Broz, and to his two sons, Zarko (a retired war veteran) by his first wife, the Russian-born Pelagiya Belousova, and to Miso by his second wife, the Austrian-born Herta Haas. Miso is now a vice-president of the INA oil company.

The two sons agreed not to contest items that the authorities considered public property. But Mrs Broz, the third wife (although estranged from Tito for several years before 1980) has not proved so compliant.

Only part of the inheritance has so far been settled. The courts have ruled in favour of Mrs Broz and the two sons over the royalties on the many tomes of Tito that have long been required reading for Yugoslavs. According to the justice minister, the three heirs are now jointly suing, for "several tens of millions of dinars," those publishing houses that have not paid out royalties.

The whole problem stems from the fact that over 35 years as leader, the public and private personal of Tito, and therefore the capacity in which he received innumerable gifts from Yugoslavs and foreigners, became virtually indistinguishable.

But, in a clear attempt to show that enough has already been done for Mrs Broz at a time of economic austerity for most Yugoslavs, the Government has now publicly itemised her existing benefits: the highest-rate Yugoslav pension of 172,072 dinars or £400 a month (equivalent to the pay of the country's presidency); a new house costing 100m dinars ($331,000) for her lifetime use; and state payments for utilities, servants and bodyguards, in addition to use of furniture and artefacts from Tito's residences.

Novel start to 1986 British bid battle

By David Goodhart in London

THE FIRST takeover battle of the new year in Britain took the unusual form of a bid from John Govett, an investment trust, for Macarthys Pharmaceuticals, a company in which it holds a major stake.

Some London analysts immediately predicted that a more aggressive, takeover oriented approach from investment trusts towards poorly performing UK companies could become a theme of 1986.

The bid of 265p a share, which values the company at £34.9m ($50.6m), has been formally made by Jadelle, a new company owned 55 per cent by John Govett and the balance by a number of pension funds and unit trusts.

The investment trust first announced a 15 per cent stake in Macarthys in October. Yesterday it took its holding from 29.9 per cent to 30.2 per cent at the same time announcing a concert party with Provincial Insurance giving a joint stake of 36.8 per cent.

The bid was immediately rejected by Macarthys and the board has asked the UK Takeover Panel to investigate Jadelle's dual offer; either 265p for each share or the same price for one out of every four shares.

Mr Dwight Makins, the managing director of John Govett, said yesterday that the company had made the dual offer because it did not want to take more than 75 per cent of Macarthys and wanted to retain the listing.

He added that while Macarthys turnover has increased from £184m in 1981 to £286m in 1985, profits have stayed at about £4m a year over the same period "which made it an investment with potential either through an outsider bidder or internal reform."

Mr Albert Slow, chairman of Macarthys, the manufacturer, retailer and wholesaler of pharmaceuticals, said he was surprised at the bid as he had been assured the stake was a long-term portfolio investment.

He added that a major restructuring of the company had begun 18 months ago

See Lex

Paribas joins battle for Providence-Secours

BY DAVID HOUSEGO IN PARIS

PARIBAS, the French state-owned investment bank, has launched itself into the growing takeover battle for the Providence-Secours insurance group with the announcement of a defensive counter-bid.

Paribas, which already directly holds 25 per cent of Providence, had been waiting until the official release yesterday of the details of the hostile bid made by Assurances du Groupe de Paris (AGP), to finalise its offer. The AGP bid puts a value on Providence's shares of FFr 1,760 ($235) each, compared with the FFr 1,100 offered by the AXA group, comprising the Mutuelles Unies and Drouot insurance companies, which launched the initial takeover move.

Under French takeover laws, a fresh bid is not valid unless it is 5 per cent above the value of the last offer put forward. Each bid has also to be approved by the Bourse (stock exchange) Commission and the Ministry of Finance before it can be officially launched. The AGP offer is still awaiting Ministry of Finance approval.

The battle for Providence is a prelude to the larger conflict now emerging for control of the three main state-owned insurance groups when they are denationalised by a right-wing government – as is expected after the March elections.

Apart from its 25 per cent direct stake in Providence, Paribas is also linked with other management interests in a shareholders' pact that controls just over 50 per cent of the capital of Providence, France's 15th largest insurance group. Paribas thus stands in the comfortable situation of both seeing the price of its own holding climbing in value while knowing that it will have to find less money than its rivals to obtain the remaining shares.

The AGP offer is on the basis of seven AGP shares for five Providence, with a guaranteed cash purchase price for AGP shares of FFr 1,050 a share for a one-month period. AGP shares were trading on December 31 at FFr 1,260 a share, which would value Providence at FFr 1,760 a share.

Acting for AGP in the offer are Banque Worms, a subsidiary of the nationalised insurance group UAP and Banque Lazard.

French TV satellite launch delayed four more months

BY DAVID MARSH IN PARIS

RIVAL FRENCH and Luxembourg television satellites look likely to be launched within six months of each other after a fresh delay in the planned start-up of France's controversy-plagued TDF-1 spacecraft.

Arianespace, the company that sells launches by the Ariane space rocket, has confirmed that TDF-1 will be launched in November this year, four months later than the previous official date in July. That is only six months before the planned placing into orbit, also with Ariane, of a rival Luxembourg satellite, SES, in May 1987.

France has fought a running battle for three years to force the Grand Duchy to scrap its plans for an independent satellite. The SES will compete with TDF-1 for viewers and advertising revenue for multi-language services across a wide swathe of Western Europe.

TDF-1 was first conceived in a Franco-German project at the end of the 1970 when the market in industrialised and developing countries for direct broadcasting by satellite (DBS) was judged in a far rosier light than today.

The latest postponement in its launching schedule partly represents an overall delay in Ariane launches after its last abortive mission in September, in which two satellites were lost.

It is also the result of growing question marks over the economic basis of the services to be provided by TDF-1. The French Government has now abandoned plans to set up a commercial company to operate the spacecraft, tacitly admitting that the lion's share of its cost will be borne by the taxpayer.

Firm agreement on the programmes to be broadcast from TDF-1, which will be Europe's first DBS project, have still not been reached. That has prevented electronics companies, interested in manufacturing dish antennae to receive TV signals, led by Thomson and Philips, from making clear plans for starting production.

Of the four channels available on the TDF-1 craft, one will beam cultural programmes under a new service which the Government is helping to finance with funds of up to FFr 700m ($93m). The new French private over-the-air service, TV-5, being developed by a Franco-Italian consortium and due to start, in February, will take one channel, while a third will be occupied by a broadcasting service to be developed by Mr Robert Maxwell, publisher of the Daily Mirror in London.

The TV-5 project has attracted fierce criticism in France because of the preferential financial treatment given to its two backers, Mr Jerome Seydoux, head of the Chargeurs industrial holding group, and Mr Silvio Berlusconi, of Italy, who has wide TV interests.

Partly to try to parry legal action brought by Compagnie Luxembourgeoise de Télédiffusion, the Luxembourg broadcasting group, the French Government has been forced to announce this week that it will ask the Seydoux/Berlusconi group to sign a new contract over TV-5, changing some technical details compared with the original deal reached in November.

Yarrow pledges £7m in bid fight

By Charles Batchelor in London

YARROW, the UK engineering group that is fighting off a £17m ($24.5m) takeover bid from its Glasgow neighbour, Weir Group, yesterday announced plans to pay £7m in cash to its shareholders if it wins its fight for independence.

The Weir bid has promted Yarrow to bring forward the payment to shareholders of £6m – plus – interest which it was paid five years ago as compensation for the nationalisation of its shipbuilding and repair interests in 1977. The repayment is worth 175p a share.

Mr Teddy Boyd, Yarrow chairman, said Yarrow had originally planned to wait until the announcement of the decision of the European Court of Human Rights on its claim for further compensation before making any payout. The company filed its claim nearly six years ago. It hopes for a court ruling by the end of March.

Yarrow also promised to pass on in full, after deducting tax and expenses, any additional compensation granted by the European Court. That might amount to £20m with interest, Yarrow believes.

The company, which currently has £8m of cash and gilt-edged stocks on its balance sheet, said it did not need most of the money, since it plans to concentrate future expansion on its engineering consultancy business, Yard. That did not require large investments.

Yarrow also disclosed yesterday that it had found a £5m surplus in the group pension scheme, which was being used to reduce the company's contributions and improve employee benefits.

Weir yesterday dismissed the Yarrow plan as purely defensive and said it was not impressed by the length of time taken for Yarrow to pay the compensation money. It also calculated that Yarrow's shareholders would receive only 80 per cent of any future compensation after tax and expenses.

In its bid, launched on December 2, Weir offered to let Yarrow shareholders keep 70 per cent of any future compensation won by their company.

Dismissing the Weir bid as "a myopic sighting shot," Mr Boyd said it was opposed by most of Yarrow's employees and "Weir would ignore the views of our engineers and scientists at their peril."

Yarrow is reviewing the position of Control Systems, its loss-making subsidiary, which manufactures ticket systems for bus and railway networks. It may sell the business after it has been returned to profit.

Yarrow did not include a profit or dividend forecast in its defence document, although that may come later.

Thatcher 'evenhanded' in Westland bid battle

Continued from Page 1

holders, before the board makes a final decision next week.

The Westland board has apparently taken legal advice on whether Sikorksy-Fiat can improve its offer and still put it to shareholders to vote at an extraordinary general meeting on January 14. The advice was apparently favourable and Sikorsky is expected to raise its terms, possibly today.

Senior Sikorsky executives are understood to have discussed the new terms with their merchant bank advisers, Morgan Grenfell, in London yesterday.

If Westland attempts to put a revised offer from Sikorsky-Fiat to shareholders, it can expect stiff resistance from Lloyds Merchant Bank, advisers to the European consortium which comprises GEC; British Aerospace; Messerschmitt-Bölkow-Blohm of West Germany; Agusta of Italy and Aérospatiale of France.

Mr David Horne, managing director of Lloyds merchant bank, is expected to hold talks today with key institutional shareholders in Westland. He wants to persuade them to press for an adjournment of the January 14 extraordinary general meeting to give more time for both offers to be considered.

Full details of the European offer were circulated to shareholders for the first time yesterday. It contains what Westland agrees are better financial terms and a guarantee of 1.8m man hours subcontracting work compared with 1m man hours guaranteed by Sikorsky-Fiat.

However, Westland is expected to make a statement on why it continues to favour the Sikorsky proposal early next week after a board meeting. It is likely to focus on the advantage of the licence to manufacture, develop and sell the Black Hawk medium weight helicopters

Commodore to abandon manufacture in Britain

BY JASON CRISP IN LONDON

COMMODORE International, the troubled US personal computer company, is to stop manufacturing in the UK and is making 250 employees redundant.

The company moved into a new £6m ($8.6m) factory in Corby, Northamptonshire, only 18 months ago when it said it expected to create 1,000 jobs within two years. Commodore, which is to make a statement about the closure today, emphasised that it would keep its headquarters with 170 jobs in Corby, where there is very high unemployment.

Mr Thomas Rattigan, president of Commodore International, said: "Commodore's major priority is to meet the competitive challenge of the next two to three years and to do this, the company is going to be increasingly dependent upon fewer and higher-technology plants. Corby, being essentially an assembly plant, does not easily fit into this strategy."

Commodore has been badly affected by the decline in home computer sales in the US and elsewhere and the high development costs of the Amiga, a powerful new machine that was launched late last year in the US and costs about $1,500.

In the year ending June 30 1985, Commodore International lost $113.9m. The company has forecast that it would be in profit in the second quarter, ending December 31, after a $39.2m loss in the first quarter.

Commodore, the world's largest home computer manufacturer, plans to concentrate production in automated factories in the Far East, the US and Brunswick in West Germany. At one time, the Corby plant employed about 600 people and also several hundred temporary workers during the 1984 pre-Christmas rush.

A year ago it made about 100 staff redundant. The latest decision may mean the company will have to repay some grants. Corby is a steel closure town and an Enterprise Zone, and companies there are entitled to grants, loans and exemptions. Commodore is expected to have discussions with the Trade and Industry Department and other government bodies this week.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	15	59	Dubrovnik	F	12	54	Malaga	F	17	63	Salzburg	Sl	1	34
Algarve	F	17	63	Faro	F	17	63	Malta	—	—	—	Seoul	S	-8	18
Algiers	F	21	70	Florence	Fg	5	41	Manila	S	31	88	Singapore	F	29	84
Amsterdam	R	2	36	Frankfurt	C	1	34	Miami	C	26	79	Stockholm	C	-4	25
Athens	F	15	59	Funchal	C	15	59	Milan	R	3	37	Strasbourg	C	4	39
Bahrain	S	18	64	Geneva	C	6	43	Moscow	S	-8	18	Sydney	S	32	90
Bangkok	S	30	86	Gibraltar	F	16	61	Munich	Sl	2	36	Taipei	C	18	64
Barcelona	S	16	61	Guernsey	C	8	46	Nairobi	—	—	—	Tangier	C	16	61
Beirut	—	—	—	Helsinki	S	-12	10	Naples	F	14	57	Tehran	—	—	—
Belgrade	C	3	37	H. Kong	S	16	61	New Delhi	F	15	59	Tel Aviv	C	20	68
Berlin	C	-4	25	Innsbruck	C	0	32	New York	C	1	34	Tenerife	C	20	68
Biarritz	S	13	55	Inverness	F	2	36	Nice	C	8	46	Tokyo	C	9	48
Blackpool	C	3	37	Istanbul	R	10	50	Oporto	C	12	54	Toronto	C	-6	21
Bordeaux	C	7	45	Jersey	F	9	48	Oslo	C	-7	19	Tunis	F	16	61
Brussels	F	6	43	Jo'burg	C	21	70	Paris	C	7	45	Valencia	F	16	61
Budapest	C	-3	27	Las Palmas	—	—	—	Prague	C	-4	25	Venice	R	2	36
B. Aires	S	30	86	Lima	—	—	—	Reykjavik	F	-2	28	Vienna	C	-3	27
Cairo	C	23	73	Lisbon	C	13	55	Rio de J'o	C	32	90	Warsaw	F	-4	25
Cape Town	S	25	77	Locarno	C	3	37	Rome	R	9	48	Zurich	F	4	39
Caracas	R	25	77	London	C	7	45								
Casablanca	C	17	63	Los Angeles	C	14	57								
Copenhagen	Sn	-3	27	Luxembourg	C	2	36								
Corfu	C	15	59	Madrid	F	10	50								
Dublin	C	5	41	Majorca	S	17	63								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Poland warned on debt

Continued from Page 1

said one banker yesterday. The banks got a first $265m repayment of principal on 1981 debt in November, and are due to receive a further $900m this year, in addition to interest.

The banker suggested that "provided the Poles keep their interest payments current, the banks would take a sympathetic look" at proposals that might yield something less than $900m in repaid principal this year.

Polish officials yesterday were not available to give their reaction to the new Western government pressure. The leverage the governments have is Poland's desire to normalise its economic relations with the West, and, less directly, its desire to see its bid to join the International Monetary Fund succeed

Nigeria issues challenge to its creditors

Continued from Page 1

over economic policy, businessmen and bankers in Lagos believe.

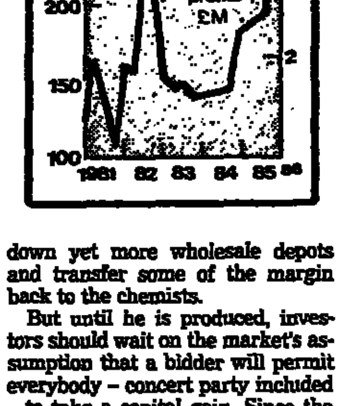
Chief among these is the issue of the exchange rate of the naira, which now trades at about a fifth its official value on the black market. Dr Kalu detailed two measures which will affect the exchange rate: the establishment of a second-tier foreign exchange market and the imposition of a 30 per cent levy on imports.

The first, which will involve the free market sale of a limited amount of foreign exchange by commercial banks, represents a *de facto* recognition of the black market. Under the new system, an attempt will be made to attract foreign exchange held outside the banking system into the banks by allowing its sale at an exchange rate determined by the market. The second measure effectively imposes a higher exchange rate for imports than for other foreign currency transactions. Taken together, they could represent a step towards the devaluation long advocated by the IMF.

THE LEX COLUMN

Institutions take to drugs

If the new year's first takeover bid provides any sort of guide to the year ahead, 1986 is going to be even odder than 1985. Yesterday's offer for the drug wholesaler Macarthys Pharmaceutical by an institutional concert party has some of the maddening finesse of a modern thriller: the full offer does not appear designed to succeed but to fail just comfortably enough to allow the installation of a management that exists entirely on hearsay. The market, which has probably been reading such stuff over Christmas, promptly lifted Macarthys' share price 23p to 280p, or 15p above the institutional offer.



Macarthys has been a dismal investment for years. Profits before tax have been stuck just above £4m on a steadily increasing capital base since 1981, while per-share earnings fell sharply last year as the absence of stock relief drove up the tax charge. Every now and then, adventurers have seen potential for recovery in the share price, either from the gearing effect of doubled wholesaling margins – just 1 per cent last year – or when this obstinately failed to appear in a highly competitive market enlivened by government raids on prices and parallel imports, from a bid. Pre-eminent among such investors were funds managed by John Govett; and when persistent purchases in the market or the declaration of a 15 per cent stake in the autumn failed to do much on either front, they intervened. Yesterday, the Govett shell company, Jadelle, pushed the concert party's holding through the 29.9 per cent level.

The full offer appears to be a mere formality to satisfy the Takeover Code: a premium of 10p to this morning's price is no knock-out blow even if the exit p/e of 16 – in a market dominated by the concert party in its constituent forms for months – is generous to a fault. However, the investment trusts involved have been spared by the rise in Macarthys' share price from the embarrassing prospect of owning the whole company as an unlisted investment: given that the bulk of the Savory & Moore chemists shops are held on short leases, even an asset-strip might struggle to cover the £35m-odd cost of full ownership. Instead, acceptance of the partial cash offer for one in four shares should leave the concert party with 50 per cent control and permit the introduction of its mysterious new manager, who will no doubt close down yet more wholesale depots and transfer some of the margin back to the chemists.

But until he is produced, investors should wait on the market's assumption that a bidder will permit everybody – concert party included – to take a capital gain. Since the other major drug wholesalers, Vestric and Unichem, have market shares of almost a quarter, it is hard to see where the bid will come from or why, given that the business would have cost less than £25m during most of the last three years. And Glaxo was not exactly reluctant to sell Vestric.

Gilt indices

The FT is today introducing several small changes to its gilt-edged indices. In particular, it is adjusting the coupon bands for conventional gilts in order to conform more closely with the market's own perception of what constitutes a low, medium or high coupon. Until now, the coupon bands have been designed to provide a balance between the number of stocks in each category. This practice has, however, resulted in some anomalous classifications.

The conversion stocks announced last month, for example, bore coupons which, at 9½ and 9¾ per cent, placed them in the low-coupon category. The market, however, can be expected to compare these issues with stocks carrying 10 to 11 per cent coupons rather than with low coupon gilts. By reducing the upper threshold for low-coupon stocks from 9¾ per cent to 9 per cent, stocks which have recently been treated as mediums will now trade under that name.

The most obvious anomaly in the old distribution arrangement was the complete absence of high-coupon 25-year gilts. While the Government has resumed issuing long-dated stocks, it is most unlikely that any will in the immediate future carry a coupon of 12¼ per cent or more.

The reduction in the high-coupon threshold from 12¼ to 12 per cent will bring Exchequer 13/17 into the high-coupon area. This will leave the medium-coupon 25-year category sadly depleted, but thinness there seems preferable to a void at the long end.

The FT is also omitting the 3½ per cent Conversion stock from the irredeemables category from now on. Since the Government is actively buying in this stock, it is no longer priced as an irredeemable and has consequently given a downward bias to the yield on irredeemables as a group. Finally, it is intended to sub-divide the index-linked category into 1 to 5 years and over 5 years in order to reflect the market's own distinction between shorts which appeal primarily to individuals with high marginal tax rates, and longer stocks, which find their way into pension fund portfolios.

Guinness/Britannia

Guinness Peat may still find itself with just sufficient acceptances to claim victory this afternoon but the aggressive tactics of the MIM/Maxwell concert party must by now have made success for GPG a less than likely outcome. In deciding whether or not to accept the offer, the institutions will presumably be swayed as much as anything else by their judgment of Mr Maxwell and his friends.

If the offer lapses and no other bidder comes forward, Mr Maxwell will look rather silly and Britannia shareholders will be nursing paper losses of perhaps 10 per cent. Mr Maxwell is not silly by nature, however, and institutions may well conclude that there is more to his share buying than meets the eye – though quite what is anyone's guess.

Yet the upside in the event of a counter-offer is unlikely to be much greater than the downside in the event of failure. No one has so far moved to counter the GPG bid, which already represents a fullish value for Britannia. Those shareholders who have not already sold out of this dreary tale through the market might as well accept the offer and hope for the best.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday January 3 1986

National Semiconductor posts loss in quarter

BY PAUL TAYLOR IN NEW YORK

NATIONAL SEMICONDUCTOR, the third-largest US semiconductor manufacturer, yesterday posted a $34.8m fiscal second-quarter net loss, its third consecutive quarterly deficit, reflecting continued weak demand and severe pricing pressures.

However, the group noted that semiconductor order rates grew modestly in the latest quarter – resulting in the first increase in order backlog for more than 18 months – but gave a warning that the improvement represented "only a beginning" and added that its results were likely to remain under pressure.

The latest quarterly loss, equivalent to 41 cents a share, came on sales that fell by 17 per cent to $359.4m from $435.4m in the year-ago period when the group reported net earnings of $8.5m or 10 cents a share.

The fiscal second-quarter net loss does, however, represent an improvement over the $53.5m or 59-cents-a-share net loss in National Semiconductor's fiscal first quarter. As a result, the group posted a fiscal first-half net loss of $88.3m or $1.01 a share, compared with net profits of $44.4m or 50 cents a share in the year-ago period, on sales that fell to $782.7m from $964.4m.

In the latest quarter, ending December 15, operating earnings were lifted by a $2.1m extraordinary credit, compared with a $1.1m extraordinary credit in the year-ago period.

Mr Charles Sporck, National Semiconductor's president and chief executive, said that during the second quarter "operating performance in the semiconductor division continued to be negatively impacted by the reduced demand and pricing pressures which have been widespread in the semiconductor industry.

Despite its poor results National Semiconductor said it increased its spending on research and development to $55m or 15.3 per cent of sales in the latest period, compared with $52.3m or 12 per cent of sales in the year-ago period.

Looking ahead, Mr Sporck said the modest improvement experienced in semiconductor-division order rates resulted in a growth in backlog for the first time in any quarter since fiscal year 1984.

Chris Sherwell examines the controversy surrounding Singapore's compulsory savings scheme

A nest egg Mr Lee may have to crack

FOUR AND A HALF months ago Mr Lee Kuan Yew, Singapore's Prime Minister since 1959, decided to hit firmly on the head a controversial proposal to help deal with the country's visibly ailing economy.

The proposal, never formally aired but obviously ripe for discussion, was to cut contributions to the Central Provident Fund (CPF), the island state's compulsory savings scheme. "The CPF is the last item we should touch," Mr Lee declared forthrightly. It was "a nest egg of last resort."

Last Friday, Dr Tony Tan, Minister of Trade and Industry and of Education, surprised almost everyone by calling publicly for just such a cut. To govern well, he told Singapore's top civil servants at a dinner, governments had to recognise when a policy was wrong or had outlived its usefulness, and be "brave enough to dare the danger of radically changing the policy in order to advance the interests of the nation."

The proposed U-turn – rare enough in Singapore – is doubly important because it involves a cornerstone of economic policy which buttresses one of the highest savings rates in the world. A cut in CPF contributions would hit every Singaporean's future pension.

The CPF takes 25 per cent of every employee's wage or salary, along with a matching 25 per cent from the employer. For 30 years the scheme, ingenious in conception, has provided the Government with cheap finance for infrastructural development. At the same time the CPF has taken up government bonds so it can guarantee its members a reasonable 6½ per cent tax-free return as well as financial security in old age – its main purpose.

Unfortunately, the CPF has also effectively compounded Singapore's recent economic downturn. The Government's high wage policy of recent years, coupled with sharp rises in employer contributions to the CPF, has increased labour costs and hurt the country's international competitiveness. At a time of contraction, moreover, high mandatory savings have dampened domestic demand.

According to Dr Tan, the profitability of private sector companies has to be restored. Without profits, he says, there is not incentive to do business. Without an expanding private sector, there will be fewer jobs, lower pay and no economic growth.

For all the excitement generated by his remarks, this is not the first time radical changes in the CPF have been proposed. Last April, a 12-man team from the economics and statistics department of the National University of Singapore – of which Dr Tan is chancellor – recommended a wide range of reforms. Significantly, its report was never released, and had to be leaked.

The report said the CPF contribution rates should not be raised above the 50 per cent level and should in due course be reduced. It also urged the Government not to raise the withdrawal age for CPF members beyond the present 55 years.

This directly contradicted a proposal from a parliamentary committee in 1984 for a rise to 60 and later 65 – an idea which caused such uproar as the time that the Government, facing an election later in the year, put off a decision on the matter.

The university team's most fundamental proposal was for the creation of an "annuity" account as part of each member's savings. This would be used to purchase an annuity at 55, which would in turn produce a monthly income to cover minimal living expenses for the coming years.

Separately there has been some talk over the past few months of plans to "privatise" the CPF – in other words to change the way the accumulated funds are used. The Government has already said it is considering developing a wider bond market, which would plainly affect the CPF's role as major purchaser of Government paper.

Individual CPF members may also be allowed to invest a small portion of their savings in approved shares, loan stocks, unit trusts and gold. Ironically, the list of approved shares includes Pan-Electric Industries, the company at the heart of the country's recent stock market crisis.

Dr Tan's suggestion, however, is the most politically sensational of all the ideas thrown up. To help prepare the ground for such a prospective reversal in policy, he gave prior briefings to the local media, and there was advance publicity for the television broadcast of his speech.

As if to dampen suggestions that Dr Tan had stuck his neck out too far, Mr Goh Chok Tong, the First Deputy Prime Minister, confirmed that the Government was prepared to re-examine its position on the CPF and other issues. Mr Sinnathamby Rajaratnam, an "old guard" cabinet figure and close ally of the Prime Minister added that the idea would preserve jobs.

Prime Minister Lee has been more cautious, specifically identifying the idea with his "younger colleagues." But he has not ruled it out, and even last August, when he spoke out against a CPF cut so forthrightly, he qualified his remarks by saying "unless it is an economic crisis."

By many countries' standards, Singapore still remains a long way short of a crisis. But its deceleration from an 8.2 per cent increase in gross domestic product in 1984 to a 1.7 per cent contraction last year has generated unprecedented strains and weakened both domestic and foreign confidence. The Government expects zero growth this year.

Mr Lee has indicated that the main option is to cut the employer's rather than the employee's contribution, for a minimum of two years. The full rate would be restored in two steps in a third and fourth year.

Final judgment will depend on whether the Government wishes to help employers by trimming their labour costs or put more disposable cash into workers' pockets by reducing their contributions, which would boost domestic demand. Either way, a decision will probably have to await the findings of a special economic committee examining Singapore's future growth prospects, which is due to report by February, and the country's budget, scheduled for March.

Support in thin trading

THE EUROBOND market got the new year off to a somewhat false start yesterday morning. Merrill Lynch Capital Markets steamed out early in the day with an issue for Belgian railways, but found that potential rivals to make the year's first issue had stayed at home our Euromarkets staff writes.

Although participation in the market was still very limited because of holiday absences, the issue fared well. Issued by Société Nationale des Chemins de Fer Belges and carrying a Kingdom of Belgium guarantee, it is a $75m floating rate note of which $50m is being sold initially and the remainder left to operate as a tap.

The interest rate is three months London interbank offered rate flat, with a five-year non-callable life and par pricing. The paper is in registered form

The only other borrower to venture into the market yesterday was Swedish Export Credit, with a LFr 300m private placement. The five-year bond has an 8¾ per cent coupon and par pricing. It may be called from 1989 onwards. Lead manager is Banque Internationale et Luxembourg.

Dutch banks move in after changes to rules

BY ALEXANDER NICOLL IN LONDON AND CAROLINE STUDDERT IN AMSTERDAM

DUTCH BANKS wasted no time yesterday in taking advantage of the liberalisation of capital markets in the Netherlands which took effect with the new year. Bullet bonds, floating rate notes, certificates of deposit and commercial paper were issued for the first time.

The new rules give borrowers much increased flexibility in when and how to tap the domestic capital markets. They also put foreign banks on a virtually equal footing with Dutch banks, with the ability to lead manage issues of securities.

Domestic banks were in the forefront, however, with yesterday's launches. Algemene Bank Nederland is running the books, with Amsterdam-Rotterdam Bank as joint lead manager on a World Bank issue which exceeds the former Fl 400m ceiling for foreign bond issues on the domestic market.

The World Bank is issuing a Fl 500m seven-year bond with a 6½ per cent coupon and 99¼ per cent pricing. The managers said the bonds were selling well.

The issue is a bullet – repayable in one lump sum on maturity. Previously, all Dutch bond issues except convertibles had been serial, with redemption in annual instalments approaching maturity.

Amro launched the first floating rate note issue, a Fl 250m 10-year issue – also a bullet – for Security Pacific, the US bank holding company. It carries a margin of ⅛ point above London interbank offered rates (Libor).

The Security Pacific notes met some resistance from the Dutch banking community because, like most recent floaters issued in the recently liberalised West German market, they carry an interest rate ceiling of 8 per cent.

This feature has dampened investor enthusiasm in the West German market, and appeared to be meeting a similar reaction in Amsterdam.

ABN meanwhile arranged the first placement of guilder-denominated commercial paper for Akzo, the Dutch chemicals group.

The Fl 25m issue of six-month paper was being privately placed with Dutch banks and institutional investors. ABN is guaranteeing the placement and will give daily yield rates. It was quoting 5½ per cent, significantly below the Amsterdam interbank offered rate of 5¾ per cent. ABN said the paper was received enthusiastically.

ABN is also issuing the first certificates of deposit, up to a maximum of Fl 500m. The CDs have denominations of Fl 1m, maximum maturity of six months and a rate below Dutch money market rates.

Tan plans loan stock issue to cover share purchases

BY WONG SULONG IN KUALA LUMPUR

MR TAN KOON Swan, the beleaguered Malaysian businessman and politician, is planning to raise 100m ringgit ($41.5m) through a loan stock issue. The proceeds will help to meet his financial obligations arising from forward share purchase contracts worth S$140m ($66.7m) which he has agreed to take over from Pan-Electric Industries, the troubled Singapore marine salvage and property company.

Details of the loan stock issue are still sketchy, but close associates of Mr Tan say it is likely to be issued by a large, Chinese-controlled company and underwritten by several prominent Chinese businessmen.

The Capital Issues Committee of Malaysia, the approving authority for all capital and share issues, is reported to be cool towards the plan. However, Mr Daim Zainuddin, the powerful Finance Minister, has given it his blessing as he feels Mr Tan's failure to resolve the forward contracts problem could have a domino effect on the Malaysian and Singapore stock markets.

Mr Tan was recently elected president of the Malaysian Chinese Association (MCA), the biggest Chinese political party in Malaysia

Mr Tan is expected to use the nationwide network of 40,000 MCA members to whip up enthusiasm for the loan stock issue. At the same time, he is negotiating with Unico, the investment arm of the Associated Chinese Chambers of Commerce and Industry, to take over a major stake in either Grand United Holdings (GUH) or Supreme Corporation, two of his publicly listed companies.

Mr Tan and his family are believed to control between 35 and 45 per cent of GUH and Supreme.

Move to unseat Promet chairman at meeting

BY OUR SOUTH-EAST ASIA CORRESPONDENT

A BOARDROOM battle at Promet, long known as one of Malaysia's "high-flying" companies, is set to reach a climax this month when an extraordinary shareholders' meeting votes on a resolution to remove chairman Tan Sri Ibrahim Mohamed as a director.

Details of the January 23 meeting emerged yesterday in an announcement to the Singapore Stock Exchange, and followed widespread reports of a rift between Tan Sri Ibrahim and Datuk Brian Chang, the Singaporean who is joint managing director with Tan Sri Ibrahim's brother, Abdullah.

Shares in Promet finished at 50 cents yesterday, having fallen below their par value of S$1 before the suspension on the Singapore and Malaysian stock exchanges early last month on worries over the company's future. The group is involved in oil-rig fabrication, oil and gas exploration, and engineering and construction.

Tan Sri Ibrahim has denied suggestions of a split with Datuk Chang. But differences are thought to have emerged over a plan to inject Selangor Properties, Tan Sri Ibrahim's quoted property development company, into Promet.

CRA acquires stake in Taiwan group

CRA, the Australian mining group which is 59.5 per cent owned by Rio-Tinto Zinc of the UK, has reached an agreement in principle to take a 49 per cent interest in An Mau Steel (AMS) of Taiwan.

The agreement was made through CRA's wholly-owned subsidiary Conzinc Asia Holdings, and would involve an equity investment of about A$25m ($17.1m).

The deal is contingent on approval of Taiwanese authorities and a satisfactory arrangement being negotiated among the shareholders.

Reuter

● Industrial Equity (IEL), the holding company for Sydney-based entrepreneur Mr Ron Brierley, has acquired 41.5 per cent of the issued capital of Australian Gas Light Company (AGL), a New South Wales gas utility.

AP-DJ

61	978	1903	2726	3831	5030	5983	6938	8111	8829	9505	10682	12022	12814	13865	14628	15704	16890	17957	18822
145	1054	1998	2828	3952	5103	5987	7045	8127	8843	9564	10777	12084	12875	13905	14697	15864	16897	17981	19006
218	1106	2039	2858	3968	5213	6092	7136	8178	8865	9699	10782	12094	12979	13928	14699	15895	17003	17994	19024
240	1146	2044	2902	3992	5282	6107	7152	8274	8871	9730	10891	12099	13074	13958	14733	15950	17004	18036	19033
259	1149	2056	2955	4137	5492	6111	7196	8275	8885	9814	11003	12196	13108	13995	14744	15982	17061	18049	19035
323	1170	2088	3061	4148	5523	6167	7235	8300	8904	9818	11033	12276	13214	14069	14746	16093	17066	18143	19122
401	1189	2113	3275	4158	5531	6238	7281	8331	8936	9823	11071	12342	13340	14073	14754	16114	17165	18195	19162
475	1248	2173	3330	4165	5540	6334	7391	8368	8971	9897	11077	12375	13345	14144	14841	16136	17193	18206	19203
574	1354	2196	3374	4207	5544	6371	7464	8400	9002	9936	11131	12416	13368	14170	15016	16162	17307	18220	19236
580	1405	2197	3382	4227	5579	6393	7497	8426	9032	9944	11205	12453	13506	14179	15025	16299	17316	18296	19455
583	1411	2200	3430	4420	5591	6501	7560	8454	9055	9992	11211	12489	13529	14198	15033	16310	17326	18318	19479
598	1627	2254	3478	4421	5618	6508	7665	8457	9127	9999	11254	12505	13572	14221	15043	16442	17440	18493	19506
651	1649	2269	3493	4576	5632	6529	7739	8495	9154	10027	11422	12533	13596	14356	15128	16453	17524	18557	19534
657	1670	2303	3559	4666	5639	6611	7786	8519	9266	10107	11443	12575	13644	14386	15213	16493	17528	18580	19538
707	1715	2471	3582	4752	5705	6612	7907	8523	9315	10192	11481	12584	13672	14407	15220	16534	17565	18596	19684
730	1725	2592	3678	4864	5715	6621	7919	8540	9336	10274	11632	12606	13701	14489	15237	16619	17568	18642	19736
815	1726	2598	3694	4888	5759	6645	7985	8566	9360	10416	11740	12611	13713	14523	15264	16777	17595	18732	19806
828	1817	2635	3703	4934	5789	6667	7992	8619	9371	10514	11946	12677	13723	14547	15318	16789	17622	18741	19910
836	1855	2680	3752	4972	5882	6718	8009	8720	9399	10537	11954	12704	13730	14625	15566	16816	17699	18771	19944
966	1865	2715	3765	5010	5955	6800	8102	8788	9443	10608	11989	12785	13771	14626	15626	16861	17864	18802	19963

ISSUER—Warrant expiry date	Current Market Prices: Wrnt BID (%)	Wmt OFFER (%)	Share Price (Yen)	Other Calculations: Premium (%)	Gearing	Parity (%)
AICA KOGYO 17/8/90	29.00	30.50	730	21.36	4.07	3.96
AJINOMOTO 3/12/90	29.50	31.00	1,150	28.19	3.37	1.54
CASIO COMPUTERS 6/3/89	57.00	58.50	1,780	4.93	2.87	50.22
C ITOH (NEW) 4/5/89	43.00	44.50	433	9.12	3.27	31.24
C ITOH (OLD) 20/1/87	60.00	64.00	433	22.92	2.26	30.79
DOWA MINING 20/7/90	19.50	21.00	540	66.86	4.05	−35.57
FUJIKURA CABLE 28/4/89	30.00	31.50	387	34.73	3.42	−5.86
GUNZE LTD 23/11/90	31.00	32.50	620	34.31	3.07	−1.77
HAZAMA GUMI 1/11/88	15.00	16.50	380	40.09	8.09	−23.82
JAPAN SYN RUBBER 28/4/89	19.00	20.50	399	31.34	4.98	−11.52
JUSCO 22/12/88	98.00	102.00	960	9.70	1.99	82.29
KAYABA INDUSTRIES 15/2/89	30.50	32.00	295	19.40	3.94	7.56
KOKUSAI KOGYO 19/9/90	36.50	38.00	2,220	13.49	3.73	18.89
KOMORI PRINTING 20/12/89	35.00	36.50	2,080	27.26	3.46	2.02
MARUBENI 30/9/92	24.00	25.50	338	37.00	4.22	−14.33
MARUZEN 12/2/90	35.00	36.50	567	19.80	3.83	8.68
MINEBEA ($) 20/2/89	59.00	64.00	676	73.55	1.64	−13.20
MIT CHEMICAL 20/1/87	98.00	102.00	540	12.29	1.86	78.46
MIT CORPORATION 7/11/88	41.00	42.50	624	8.88	3.48	29.37
MIT ESTATES 16/10/92	43.00	44.50	1,200	29.23	2.69	9.56
MIT GAS & CHEM 20/3/89	28.50	30.00	359	14.91	4.15	11.44
MITSUI E/SHIP (NEW) 15/10/88	13.00	14.50	138	36.75	6.66	−21.00
MITSUI E/SHIP (OLD) 10/12/87	24.50	26.50	138	27.07	4.55	−6.11
MIT METAL (OLD) 10/2/88	85.00	89.00	539	51.96	1.53	18.26
MIT METAL (NEW) 10/11/89	14.00	15.50	539	46.43	6.04	−27.96
MITSUI PETROCHEM 16/2/90	47.50	49.00	459	13.62	3.24	27.35
NIPPON MINING (OLD) 17/3/89	97.00	102.00	370	47.88	1.43	32.27
NIPPON MINING (NEW) 15/6/90	16.60	18.00	370	47.32	5.44	−28.29
NIPPON YUSEN K K 18/10/90	22.00	23.50	323	36.90	4.13	−12.32
NISSHO IWAI 1/2/89	23.50	25.00	283	19.88	4.77	1.27
NOMURA SECURITIES 31/10/88	78.00	79.50	1,080	10.76	2.23	60.40
OHBAYASHI GUMI 5/4/89	65.00	69.00	375	4.74	2.52	60.76
OMRON TATEISHI 31/3/89	17.50	19.00	1,560	70.49	4.07	−35.49
ONODA CEMENT 28/2/90	22.50	24.00	330	26.52	5.11	−8.56
OPTEC DAI-ICHI 23/2/90	39.00	40.50	680	26.86	3.34	4.18
OSAKA TRANSFORMER 29/1/90	37.00	38.50	546	22.20	3.54	8.24
RENOWN 24/1/89	21.50	23.00	727	28.22	4.78	−8.01
RICOH 20/9/90	45.50	47.00	1,080	14.18	3.17	25.90
RYOBI LTD 25/5/90	30.00	31.50	398	31.33	3.81	−6.05
SEINO TRANSPORT 17/3/89	29.50	31.00	1,170	24.45	3.70	2.94
SEIYU STORES 20/3/87	62.00	66.00	830	18.65	2.34	37.37
SEKISUI CHEMICAL 20/9/90	57.00	58.50	623	22.02	2.54	25.77
SONY CORPORATION 26/4/90	29.00	30.50	4,080	35.54	3.85	−11.18
SUMI CONSTRUCTION 24/3/89	59.00	63.00	270	11.64	2.52	44.61
SUMI HEAVY 24/2/89	20.00	21.50	207	26.24	5.14	−7.47
SUMI REALTY (NEW) 13/12/90	44.00	45.50	1,230	18.40	2.75	22.48
SUMI REALTY (OLD) 21/11/89	159.00	160.50	1,230	−2.77	1.82	168.59
TOKYO ELECTRIC 14/3/89	22.50	24.00	1,270	32.70	4.45	−10.94
TOKYO SANYO 8/6/87	159.00	163.00	593	72.10	1.02	43.33
TOKYU CORP (OLD) 29/1/90	108.50	110.00	615	−1.64	2.20	113.97
TOKYU CORP (NEW) 29/10/90	36.50	37.00	615	33.18	2.97	0.54
TOKYU DEPT STORES 20/7/90	51.00	52.50	630	13.43	2.99	31.41
TORAY INDS (OLD) 5/3/87	34.00	35.50	520	12.68	3.83	18.40
TORAY INDS (NEW) 10/12/90	27.50	29.00	520	31.48	3.43	−2.29
TOYO ENGINEERING 28/2/89	58.00	62.00	829	24.01	2.34	27.17
YAMAMURA GLASS 8/5/90	16.50	18.00	410	42.80	5.59	−24.86
YAMATO KOGYO 29/1/90	21.00	22.50	571	27.37	5.27	−9.97
MINEBEA (E) 15/3/90	47.00	52.00	676	53.13	1.92	−1.03

INTL. COMPANIES & FINANCE

New marketing manager at Renault

BY PAUL BETTS IN PARIS

MR JOSE DEDEURWAERDER, the president and chief executive officer of American Motors Corporation (AMC), was appointed yesterday the new marketing manager of Renault, the French state-owned car group which controls AMC.

Mr Dedeurwaerder, who will continue as president and chief executive of AMC will be based in Paris. He will have responsibility for Renault's sales and industrial operations outside France and Belgium. These industrial activities are in Spain, Portugal, Colombia, Argentina, Mexico and North America.

His appointment has been generally expected. However, there was some surprise that the Belgian-born manager also retained his responsibilities at AMC, where Mr Joe Cappy was recently named vice president.

The appointment reflects efforts to rationalise and simplify the top management structure of Renault by Mr Georges Besse, the Renault chairman. Mr Cappy is regarded as having good marketing experience but little industrial experience whereas Mr Dedeurwaerder has both. Thus while Mr Cappy will be responsible for the day to day running of AMC, the overall industrial strategy of the US affiliate will be in Mr Dedeurwaerder's hands.

AMC, which lost $118m in the first nine months of last year, remains a problem for Renault. But the French company hopes to reinforce AMC by extending its range which at present includes American versions of the Renault 9 and the Renault 11 and the successful Jeep models.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 2.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅛ 92	100	102⅛	102⅝	0	+0¼	9.85
Amex Credit 10⅞ 90	100	104⅝	105⅛	+0¾	+0⅞	9.43
Atlant Richfld 10¼ 90	250	100⅞	101⅜	−0⅛	+0¼	10.05
Australia Com 11 95	200	109¾	110¼	+0¼	+0½	9.34
Australia Com 11¼ 90	100	110¼	110¾	+0¼	+0½	9.84
BP Capital 11⅛ 92	150	106⅝	107⅛	+0¼	+0¼	9.57
Campbell Soup 10½ 95	100	105¼	105¾	+0¼	+0⅝	9.59
Canada 11½ 90	500	109¼	109¾	−0⅛	+0⅛	8.89
Canadian Pac 10⅜ 93	100	105⅛	105⅝	+0⅛	+0⅝	9.43
Canadian Pac 12⅛ 99	75	110⅝	111⅛	+0¼	+0½	10.92
CEPME 10⅛ 91	100	103¾	104¼	−0⅛	+0⅛	9.19
Chevron U.S.A. 12¼ 89	600	105⅜	105⅞	−0⅛	0	10.34
Citicorp 10 88	200	102¼	102¾	+0⅛	+0¼	8.86
Citicorp 10⅜ 95	200	100¾	101¼	0	+0¼	10.43
Coca Cola 11¾ 91	100	108⅜	108⅞	−0⅛	+0⅛	9.71
Denmark Kingdom 11¼ 89	100	105⅜	105⅞	−0¼	0	9.34
Denmark Kingdom 11½ 90	100	107⅞	108⅜	0	+0⅝	9.13
Denmark Kingdom 11⅛ 92	100	108¾	109¼	−0¼	+0¼	9.59
E.D.F. 10 95	225	102½	103	−0⅛	+0⅜	9.53
E.E.C. 9⅝ 99	350	101¾	102¼	0	+0¼	9.36
E.E.C. 11⅛ 90	100	107⅜	107⅞	+0¼	+0⅛	9.01
E.I.B. 12 95	200	114⅛	114⅝	0	+0⅜	9.58
Eli Lilly 10¼ 92	150	105¾	106¼	+0⅛	+0⅜	9.01
Export Dev Corp 10 90	100	104¼	104¾	0	+0⅜	8.79
Export Dev Corp 12 89	100	109¼	109¾	0	+0⅛	8.96
Fed Dep Stores 10⅛ 95	100	103¼	103¾	+1½	+1⅝	9.52
Ford Motor Cred 10½ 91	150	103⅝	104⅛	0	+0⅛	9.58
Ford Motor Cred 11⅝ 90	100	105⅝	106⅛	−0⅛	+0¼	9.57
Ford Motor Cred 12 95	100	108⅞	109⅜	−0¼	+0⅜	10.39
Gen Elec Credit 10¼ 00	200	103⅝	104⅛	+0⅛	+0¼	9.72
GMAC 10¼ 89	200	103⅞	104⅜	+0¼	+0½	8.77
GMAC 10¼ 92	250	103	103½	+0⅛	+0¼	9.57
IADB 10½ 95	150	105½	106	0	+0⅜	9.55
IBM Credit 10⅜ 2000	300	†103¾	104¼	0	0	9.83
Kellogg Company 10⅞ 90	100	104¾	105¼	+0¼	+0⅜	9.53
Kellogg Company 11¼ 92	100	106⅜	106⅞	+0⅛	+0¼	9.74
L.T.C.B. 12⅞ 91	100	114¼	114¾	+0½	+0¾	9.59
Mitsui Trust 11⅝ 90	100	†106¾	107¼	−0⅜	+0⅞	9.59
Nippon Cred Bk 10⅜ 95	150	105⅜	105⅞	−0¼	+0⅝	9.71
Pillsbury Co. 10¼ 93	100	102⅛	102⅝	+0⅛	+0⅝	9.78
Pru Realty secs 12⅛ 95	546	111	111½	0	+0⅛	10.16
Qantas Airways 10⅜ 95	140	105⅜	105⅞	+0⅛	+0⅛	9.44
Quebec Hydro 11½ 92	100	109¼	109¾	+0⅜	+0⅜	9.55
ueensland Govt 10¼ 95	100	103¾	104¼	+0¼	+0¼	9.58
Ralston Purina 11¾ 95	150	109⅞	110⅜	+0⅝	+0⅝	10.01
Ralston Purina 12¾ 89	300	109⅞	110⅜	+0⅛	+0⅜	9.42
Saskatchewan 10¼ 92	100	106½	107	+0¼	+0⅜	9.25
Saskatchewan 11⅞ 89	100	109	109½	+0¼	+0⅜	8.93
Statoil 10 90	170	103¾	104¼	0	0	8.88
S Wales Trsy 11¾ 90	150	108⅞	109⅜	0	0	9.08
Swed Exp Cred 10 92	100	103	103½	−0⅛	+0⅛	9.29
[illegible]						

Average price change On day 0 on week +0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price change On day +0⅛ on week +1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Aust 12⅝ 90A$	50	90½	91½	0	−0⅛	15.40
Creditanstalt 12⅞ 90A$	50	95	96	−1⅜	−1	14.19
Pepsico Cap. Res. 13 90A$	50	104⅛	105⅛	+0½	+1¼	11.64
Swed. Export Cred 13 88A$	40	97¼	98¼	+0¼	+0¾	12.87
Amex 10¼ 90 C$	50	101	101½	0	+0⅞	9.78
Canadian Pac 10⅛ 90 C$	75	100⅞	101⅜	+0⅛	+0⅝	10.04
CIBC 10⅜ 90 C$	75	†100⅝	101⅛	0	+0⅝	10.45
Genstar Fin 11¾ 95 C$	75	105¾	106¼	0	+0¼	10.80
Montreal 11½ 95 C$	75	105⅞	106⅜	0	−0⅜	10.42
Sears Acc. Co 10⅜ 92C$	75	†101⅛	101⅝	0	+0⅞	10.31
Winnipeg City 10⅜ 90C$	50	103¾	104¼	+0⅛	+0¼	9.47
Chrysler Fin Corp 17 90N$	65	94¾	95¼	+0¼	+2½	18.41
K.O.P. 16¾ 91 N$	50	94	95	+0⅝	+1¾	17.73
Kredietbank Lux. 17 88 N$	70	99¾	100¾	+0⅛	+0½	16.76
Bayer Vereins 8⅝ 88ECU	60	101	101¾	−0¼	+0⅝	7.81
Chrysler Fin Corp 9 92ECU	75	98	98¾	0	+0⅝	9.32
Xerox Canada 8½ 90 ECU	40	99½	99¼	+0½	+0½	8.79
Honda Motor WW 3⅞ 90FL	100	†106¼	106¾	+0½	+0¼	2.96
Honda Motor XW 3⅞ 90FL	100	†90½	91	+0⅛	+0⅛	6.45
Thyssen 7¼ 90 FL	50	†103½	104	−0¼	−0⅛	6.29
Wereldhave 7½ 90 FL	75	†102¼	102¾	−0⅛	−0¼	6.83
Wessanen 6¾ 90 FL	50	†101	101½	+0¼	+0⅛	6.43
Mobil Corp. 11⅛ 90 FF	500	102¼	102¾	0	0	10.40
Amev 11 93 £	50	96¾	97¼	−0¾	−0¾	11.65
Australia Comm 11 92 £	40	98⅛	98⅝	+0⅝	+0⅝	11.35
E.I.B. 11⅛ 93 £	50	98⅝	99⅛	+0¼	+0¼	11.36
GMAC UK Fin 10½ 90 £	30	96⅞	97⅜	+0¼	+0⅛	11.31
Imp Chem Inds 11¼ 95 £	75	98½	99	0	+0⅛	11.45
Imp Chem Inds 10¼ 92 £	75	96¼	96¾	0	−0⅛	11.50
Mcdonalds 10⅞ 90 £	40	98½	99	0	0	11.22
Mitsubishi Fin HK 11 90 £	60	98¼	98¾	0	0	11.41
NSW. Treasury 10⅝ 92 £	50	95¾	96¼	0	0	11.48
Privatbanken 11⅞ 92 £	20	99⅞	100⅜	+0⅛	+0⅛	11.81
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Sekisui House 3 99	6/84	612	†101	102	+0¼	0.17
Sumitomo Bank 2¾ 2000	8/85	2142	†98½	99½	−0⅛	8.89
Sumitomo Corp 2⅞ 99	5/84	593	†143½	144½	+0⅛	−0.99
Taiyo Yuden 3¼ 2000	3/85	1078	†*108	109	0	−2.08
Takeda Riken 3⅜ 2000	10/84	7983	†*104	106	0	4.96
Tokyo Sanyo Elec 3½ 99	12/84	772	†99½	100½	0	3.81
Toshiba Ceramics 3 2000	4/85	1734.2	†97¾	98¾	+0¼	6.22
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†*101½	103	0	10.37
Nippon Shinpan Co 2 92 SF	3/84	801	†*118½	119	0	14.33
Asics 5 92 DM	12/83	520	†107½	108½	−0⅜	10.32
Renown 3⅛ 90 DM	3/85	675	†105	106	0	−1.14
Sum Realty 6¼ 92 DM	2/83	338	†435	436	−4½	−3.69

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK COMPANY NEWS

Aim profits depressed by BAe project costs

Aim Group, the Southampton-based aviation and general engineer, has been hit by a fall in profit margins and costs associated with the British Aerospace advanced turbo prop project (ATP).

These factors reduced interim taxable profits from £835,000 to £810,000 on turnover considerably ahead from £7.29m to £11.42m.

The group anticipates that the high turnover level will be maintained during the second half while the ATP project start-up costs will begin to abate.

An unchanged 1.9p interim dividend is being paid for the six months to end-October 1985. Earnings per share were lower at 4.5p (4.8p) after tax of £340,000 (£333,000).

● comment

Even had the market been in livelier mood yesterday, Aim's results might still have prompted little response. The existence of a large but unspecified cost relating to the ATP project makes the results rather difficult to interpret. However, in both the main divisions, aviation and contracting, there seems to be no problem with getting the business, although fierce competition is resulting in lower margins. Oven sales, always slack in the first half, were particularly bad this time, although orders are now reported to be picking up strongly. In all, Aim is not likely to make as much this year as the £2.25m it made in 1982 when it came to the market. After another—albeit smaller—chunk of ATP costs in the second half, profits of £1.8m look possible. With none of the ATP benefits due before 1988, prospects until then are not sufficiently bright to deserve a prospective p/e of 9½. However, assuming no change in the final dividend, a yield of 8.1 per cent should support the shares, which closed yesterday up 1p at 101p.

Hillsdown acquires stake in Unigate

Hillsdown Holdings, the fast-growing foods, furniture and office equipment concern, has taken a stake of about 1 per cent in Unigate, the milk and foods group, but said it "has no present intention of making a bid."

Mr Harry Solomon, joint chairman, said yesterday: "Unigate is a good company and is one of a number of companies in the food sector in which we have a stake. We are acquisitive in that sector."

A 1 per cent holding in Unigate amounts to 2.2m shares, worth £5.2m at yesterday's closing price.

Argyll complaint upheld

BY LIONEL BARBER

THE Takeover Panel has backed Argyll Group following a complaint over an advertisement which Distillers used as a defence against Argyll's £1.8bn hostile takeover bid.

Argyll said the advertisement—which claimed that Argyll was borrowing most of the money needed to finance the DCL bid—was "wholly untrue and grossly misleading."

Borrowings represented only 30 per cent of the total value of Argyll's basic offer, based on present share prices, said Argyll.

The Panel has requested Distillers not to repeat the phrase "most of" in the context in which it was used in the advertisement.

This latest row over advertising material used by both sides reflects an increasingly acrimonious bid battle.

The Panel was called in to adjudicate over a statement used by Argyll claiming that sales of DCL's Johnnie Walker had fallen by almost one-third since 1977. The Panel failed to uphold DCL's complaint.

Unilever buys some Nestle interests

By Lisa Wood

Unilever, the Anglo-Dutch consumer products group, has bought-out a 25 per cent stake held by Nestle, the Swiss food conglomerate, in several jointly-owned frozen foods and ice cream businesses in Austria, West Germany and Italy.

The size of the cash transaction has not been disclosed, indicating that it is less than £80m, or 5 per cent, of Unilever's assets, the level at which London Stock Exchange rules require disclosure.

The companies involved in the Unilever buy-outs are Langnese-Iglo in Germany, Eskimo-Iglo in Austria and Sagit in Italy. Brands owned by these companies include Iglo, Eskimo and local Findus products.

These frozen foods operations were merged in 1970 with Nestle and Unilever, believing a joint operation would increase efficiencies, particularly in distribution.

Nestle took the initiative in the sale of its stake of a business with annual sales of approximately £750m. It is understood that Nestle prefers to be involved in companies where it holds the majority of share capital and is in charge of day-to-day management.

Earlier this year, Nestle and Unilever announced that as from January 1 1986 they would be merging their fresh dairy activities in France and Belgium.

Charles Batchelor on the increased role of lawyers in takeovers

GEC bid highlights City fears

PLESSEY's decision to enlist the US courts in its battle against the £1.18bn takeover bid from GEC has highlighted a worrying new trend for British merchant bankers and acquisition-minded company chairmen.

The City is becoming concerned that the British system of self-regulation, overseen by the Takeover Panel, may clash with a more formalistic approach adopted by the courts both in the UK and the US.

The Plessey move also emphasised the increased care that British companies must take in drawing up corporate documents when they may be subject to challenge in overseas legal jurisdictions.

Plessey insisted that its recourse to a US district court is not intended to frustrate the GEC bid. But GEC will need to devote some of its efforts to contesting the court challenge, which presents an unwelcome distraction to the main battle ground in the UK.

GEC was reluctant to comment ahead of the Delaware district court hearing on January 10 but one member of the company's bid team reflected these worries when he said: "We are talking about significant industrial and financial arguments and they are chasing ambulances in true US legal tradition."

Plessey has claimed that GEC in effect made an offer for Plessey's 12m dollar shares in the US and that it should therefore provide full details as required by US law. GEC denies its offer includes the US shareholders.

GEC regards the Delaware move as an unwelcome attempt to extend US legal jurisdiction to a bid involving two British companies. The 3,000 holders of the US shares account for only 1.6 per cent of Plessey's total equity.

The involvement of the US courts in an otherwise purely British bid situation reflects the growing internationalisation of securities trading. Many British companies have large numbers of their shares held by US investors in American Depositary Receipt form.

This has meant that British companies are having to call on the expertise of the US investment banks—themselves keen to expand their presence in Britain—to advise on the US angle to major deals.

Plessey has called in First Boston, a leading Wall Street company, to advise on its defence against GEC.

What worries British merchant bankers is the addition of a further element of uncertainty in already complex bid battles and the threat US court action poses to the timetable laid down for takeover bids by the takeover code.

"The US involvement confuses the issue as to outcome and timing," complained one merchant banker.

The involvement of US courts and regulatory authorities also pushes up the cost of any takeover bid and puts additional demands on management time.

It took BAT Industries 6¼ years to January 1985 to fight off a challenge from the US Federal Trade Commission to its purchase of Appleton Papers for $280m over the abstruse question of "actual potential competition."

But it is not only the possible intervention of the US courts into bid battles which worries the City. There are fears that increasingly the British courts may become involved.

Schroders, merchant bank adviser to Matthew Brown, the regional brewer, backed its appeal last month to the takeover panel over the bid tactics used by Scottish and Newcastle Breweries with the hint that they would take the matter to the High Court if they lost.

It did not come to this because the full Takeover Panel gave a ruling which satisfied Matthew Brown. But it was a close-run thing.

A worrying precedent had already been set in December 1984 by Currys, the electrical retailer, and its merchant bank adviser S. G. Warburg, in their battle against the £248m takeover bid from Dixons. Currys went to the High Court in an unsuccessful attempt to block the bid.

The Takeover Panel took the view that the dispute related to contract law and not to the takeover code. The two-day court hearing nevertheless left many in the City with a sense of unease.

Professional rivalry as well as the broader issue of the conflict between self-regulation and legal controls are raised by these developments. The lawyers are starting to adopt a higher profile in the City.

One merchant banker, bereft, at least temporarily, of the self-assurance that marks the profession, acknowledged after the Currys/Dixon hearing that he had never before experienced such a gruelling two days.

It should be said though that the merchant bankers only have themselves to blame since it is they who call in the lawyers if they think it suits their purpose in a particular bid.

But if judges are to become the final arbiters in a growing number of bids the bankers may have to add a convincing court room manner to their range of skills.

COMPANY NEWS IN BRIEF

FIRST CASTLE Electronics, facing a £37m takeover bid from Morgan Crucible, yesterday described Morgan's past performance as "erratic" and cast doubt on its claim that it has "proven international management capability." Mr Leslie Connor, First Castle's chairman, said in a defence document that Morgan lacked knowledge of his company's specialised products and markets.

WHITEHALL PETROLEUM, a subsidiary of Pearson, is to acquire all the UK North Sea oil and gas interests of Sunlite Inc. for $1.64m (£1.1m) in cash and quarterly payments of 7 per cent of revenues produced from the interests over the next 20 years. The deal is subject to DoE approval.

REDLAND has agreed to sell its UK subsidiary, Redland Prismo, and the business of its US subsidiary, Redland Prismo Corporation, both engaged in road marking and other specialist road maintenance products, together with its minority investments in similar businesses in France, Spain and the UAE. The buyer is Colas Products, a wholly owned subsidiary of Shell UK, paying a total consideration of £13m.

BOARD MEETINGS

TODAY

Interim:—Shaw Carpets.

Finals:—First National Finance Corporation, First National Securities.

FUTURE DATES

Interims:—

Blacks Leisure	Jan 7
London Investment Trust	Jan 7
Samuel (H.)	Jan 15
TR City of London Trust	Jan 8

Finals:—

Barr A. G.)	Jan 7
Perkins (John) Meats	Jan 9
SGB	†Jan 16

†Amended

Public Works Loan Board rates

Effective January 2

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	11⅞	—	—	12¼
Over 1 up to 2	11⅜	11½	11⅜	12⅜	12½	12¼
Over 2 up to 3	11½	11½	11⅝	12½	12½	12¼
Over 3 up to 4	11½	11⅝	11½	12⅛	12⅛	12
Over 4 up to 5	11⅝	11⅝	11½	12⅛	12⅛	12
Over 5 up to 6	11⅝	11⅝	11½	11⅞	11⅞	11⅞
Over 6 up to 7	11⅝	11⅝	11⅜	11⅞	11⅞	11¾
Over 7 up to 8	11½	11½	11¼	11¾	11¾	11⅝
Over 8 up to 9	11½	11½	11⅛	11¾	11¾	11⅝
Over 9 up to 10	11½	11½	11	11¾	11¾	11½
Over 10 up to 15	11⅛	11¼	10⅞	11⅝	11⅝	11⅜
Over 15 up to 25	10⅞	10⅞	10⅝	11⅜	11¼	11⅛
Over 25	10⅝	10⅝	10½	11⅛	11	11

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	118	—	7.3	6.2	7.2	6.7
151	121	Ass. Brit. Ind. CULS	121xd	—	10.0	8.3	—	—
77	43	Airsprung Group	75xd	+5	6.4	8.5	12.5	16.3
46	28	Armitage and Rhodes	38	—	4.3	11.3	4.7	5.7
167	108	Bardon Hill	168	—	4.0	2.4	21.3	22.1
64	42	Bray Technologies	56	—	3.9	7.0	6.8	7.8
201	136	CCL Ordinary	136	—	12.0	8.8	3.3	3.2
152	97	CCL 11pc Conv. Pref.	97xd	—	15.7	16.2	—	—
130	10	Carborundum Ord.	116	—	4.9	4.2	5.7	9.0
94	83	Carborundum 7.5pc Pf.	91xd	—	10.7	11.8	—	—
73	46	Deborah Services	56	—	7.0	12.5	5.8	7.7
32	21	Frederick Parker Group	21	—	—	—	—	—
83	33	George Blair	77	—	—	—	3.1	6.7
60	30	Ind. Precision Castings	60	+1	3.0	5.0	15.8	13.2
218	172	Isis Group	176xd	—	15.0	8.5	13.5	20.2
124	101	Jackson Group	115	—	5.5	4.8	7.7	7.7
293	213	James Burrough	293	+1	15.0	5.1	9.2	9.2
95	83	James Burrough 9pc Pf	95	—	12.9	13.6	—	—
95	71	John Howard and Co.	73	—	5.0	6.9	5.7	9.0
225	100	Linguaphone Ord.	180s	—	—	—	6.6	6.9
100	90	Linguaphone 10.5pc Pf.	90s	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	575	—	6.8	1.2	25.1	23.9
120	31	Robert Jenkins	71	—	—	—	9.2	20.3
60	28	Scruttons "A"	30	—	—	—	—	7.7
92	61	Torday and Carlisle	67	—	5.0	7.5	3.4	6.1
444	320	Travian Holdings	325xd	—	4.3	1.3	18.5	18.2
42	17	Unilock Holdings	42	—	2.1	5.0	11.4	11.2
131	81	Walter Alexander	131	+1	8.8	6.8	7.4	9.0
247	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

s=Suspended.

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There are numerous options open to Britannia's management to ensure that shareholders' financial interests are fully protected after this inadequate offer has lapsed.

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Littlewoods

Pressure mounts to improve performance

David Churchill reports on options facing the UK stores chain

SIR TERENCE CONRAN is causing more than a ripple of concern in the Liverpool headquarters of Britain's biggest private company—the Littlewoods Organisation.

Sir Terence's move to rejuvenate British Home Stores by merging his Habitat/Mothercare company with BHS has put extra—and unwelcome—pressure on Littlewoods' troubled chain of 108 High Street stores.

Littlewoods' retail track record over the past five years—poor stock control, inadequate marketing, repeated top-level management changes—has left it lagging behind in the fast-moving retail world of the 1980s. Its merchandise—ranges of clothes, housewares, and food—has come under increasing attack not only from the rise of specialist multiples but also from more effective competition from such born-again rivals as the Woolworth stores chain.

"The pace of change in retailing today means that Littlewoods is in danger of being left behind," observes Paul Deacon, a retail analyst with stockbrokers Wood Mackenzie. "Moreover, the return from its chain store operations is woefully inadequate for the valuable portfolio of stores it owns."

Sales in the stores in both 1983 and 1984 remained static at £463m, while trading profits fell from £8.5m in 1983 to a mere £1.5m last year. Nevertheless, with Littlewoods' football pools and mail order operations having maintained their profitability the overall group last year reported a 77 per cent profits increase to £47.6m.

Given the current merger wave in the City, a move to acquire the Littlewoods chain stores cannot be ruled out. Many of the stores are in prime High Street sites and are freehold properties—an enticing prospect for an entrepreneur such as Alec Monk of the Dee Corporation who was rumoured to be interested in BHS before Sir Terence came along.

The Moores family which retains total control of the Littlewoods group remains adamant that it will not seek a public quotation. But it must realise that the investment needed to stay in the High Street retail game of the late 1980s and beyond might adversely affect its more successful mail order operations.

It has already spent over £20m on a refurbishment of more than half its stores—attempting to emulate the design-led successes elsewhere on the retail front—but with mixed results. Its redesigned store at one end of London's Oxford Street, for example, trades less well than the old-style one at the other end.

What went wrong with Littlewoods? Its problems started in June 1979 when it decided not to implement the VAT hike from eight to 15 per cent imposed by the new Conservative government. Instead, it absorbed the tax increase itself for six months and tried to balance the books by reducing the quality of its goods.

Hiatus

This decision was probably due to the hiatus at the top of the company. Sir John Moores retired as chairman in 1977 and handed over to his son Peter. Three years later Sir John took over the reins again—when in his 80s—and did not finally retire as chairman until March 1982.

Sir John was followed as non-executive chaiman by John Clement, also chairman of the Unigate group, who brought in a number of senior managers, including Desmond Pitcher from Plessey as chief executive.

Littlewoods' search for a top retailer to take the tough decisions necessary and to get the chain stores back on the right track stated with the recruitment of Tom McAuliffe from the Argos chain in the summer of 1982; he lasted four months before resigning over differences of policy. His successor, Anthony Phillips, was reruited from BHS and lasted 18 months before he too resigned for similar reasons at the beginning of last year—at the same time as the company was forced to announce the loss of 1,000 retail jobs. The latest incumbent is Arthur Henn who joined Littlewoods from the Greater Midland Co-operative Society.

At the same time as this management merry-go-round was taking place, the main focus of attention within the group was the trading problems—caused by the recession—of the mail order division in the early 1980s. The retail chain had to take a back seat while these were sorted out.

Desmond Pitcher, who had no direct experience of retailing, found that his job was to instal some basic financial and managerial discipline into the retail operation. "We were not moving with the times—that was the essence of it," he says.

"The key problem was that there was inadequate thinking and planning about the future," he explains. The chain stores were being run on a day-to-day basis with no attempt to think beyond the end of the year, a strategic failure that spelled disaster when retailing was going through structural changes.

"For example," says Pitcher, "the household and leisure sectors were showing growth while apparel was under pressure—it made sense for us to shift our ranges towards growth areas." This is happening now but there remains much catching up to do.

The legacy of reducing the quality but holding the price in 1979 was to reinforce Littlewoods' image as a downmarket retailer. Yet Pitcher maintains that Littlewoods' customer profile is not skewed downmarket but is similar to that of Marks & Spencer and BHS and is exactly in line with the national distribution of shoppers.

This emphasises Littlewoods' problem: nobody aspires to shop in a Littlewoods store in the same way as shopping in M & S or Sainsbury's now attracts the C2 and D socio-economic classes. "Littlewoods has an appalling image problem," points out Wood Mackenzie's Deacon. "There is a wide gap between the reality of Littlewoods and the consumers' perception of the store. It is the sort of image problem that takes a long time to change."

Desmond Pitcher (left) and Arthure Henn: masterminding the stores' future including a new image right)

Littlewoods tackled this problem by embarking on a design revamp of its stores. Out went the rather dreary blue and white fascia and in came a more racy burnt - orange and white colour scheme. In-store changes included department store-style walkways instead of more traditionally laid out counters to encourage customer flow around stores and new racking systems.

On the product front out went its Keynote trademark (it was considered rather down market) for own-brand products—which would in future be marketed under the Littlewoods name—and in came major manufacturers' branded goods, such as Wranglers, Levi Dunlop, and Adidas.

However, it has recently reversed its support for such major brands and now is concentrating on improving the quality and image of its own-brand products.

Littlewoods is supporting its new approach with a £2m advertising blitz over the coming year—still half as much as is spent by rival chain C & A —but eight times its 1982 advertising spend.

Yet its marketing push has been hampered by some poor management control. Last year, for example, it did not get the back-to-school children's wear into its stores in time for the vital August/September selling season—a stock control problem which led to the sharp profits fall.

Pitcher maintains that such problems are now under control, as part of the management changes brought in. Basically, his approach has been to switch from a centralised (favoured by most of the retail groups) to a decentralised management approach.

Merchandising decisions are now taken at an operational level rather than from head office to give a more competitive look.

Yet will this be enough to enable Littlewoods to keep its chain stores in the retail game of the next decade? There are indications from the company that it is already looking to take the company away from its High Street base by the 1990s.

The developments in train are three-fold:

● First, Littlewoods has just launched "The Catalogue Shop" in Altrincham which it hopes to expand into a nationwide chain. This retail venture is similar to the Argos operation in that customers choose products from an in-store catalogue rather than actually seeing the merchandise.

● Second, Littlewoods is experimenting with a teleshopping system called "Shop TV" which enables customers with Prestel television sets to buy a large range of branded merchandise which is then delivered to their home.

● Third, Littlewoods is expanding into the provision of financial services. It has set up a subsidiary, Credit and Data Marketing Services, which not only runs Littlewoods' in-store credit card but has also just started operating a single credit card for a whole town, Wilmslow, in Cheshire. The Wilmslow card, operating like a traditional credit card, will enable shoppers to obtain credit in any of the participating stores within the town.

Littlewoods' belief in the future of both teleshopping and selling financial services is based on its existing database of customers. It has some 8m weekly pools csutomers and 10m regular mail-order customers — the latter being a prime targe for both teleshopping and direct marketing of financial services.

Moreover, it can arrange home delivery through its mail order network to about nine out of every ten households in Britain as well as allowing customers in areas covering 90 per cent of the country to place telephone calls to its offices at reduced rates, mostly local.

Pitcher maintains that Littlewoods has no intention of pulling out of its High Street chain stores. "I don't see the High Street under threat from electronic shopping for another 20 to 30 years," he says. "Having prime sites in the middle of towns where the facilities are being improved all the time is an asset we want to make more —not less—use of."

Others, however, may see greater potential and make Littlewoods an offer it cannot refuse.

How Korea aims to usurp Japan

Nick Garnett on the power of pragmatism

THE Koreans are on the move with management practices far more pragmatic than those of the Japanese.

In a study of four of the biggest Korean corporations—Hyundai, Daewoo, Samsung and Gold Star—a picture emerges of managements that owe their operating methods either to Japanese or US conglomerates or use a Koreanised mixture of the two.

There is no such thing as a typical Korean management system, but there are certain features common to all Korean corporations. These are youthful senior executives, centralised control in Korea but not in overseas operations and tremendous financial underpinning by the Seoul Government.

These are some of the conclusions of the study, delivered in a lecture to the London-based Policy Studies Institute by Professor Sung-Jo Park of the Free University, West Berlin. Park, himself a Korean and a specialist in Japanese managements in Europe, has recently conducted a series of interviews in Seoul with senior executives of all four companies and has been chronicling the expansion of Korean conglomerates outside their home country.

Relatively low pay, long hours, tough work regimes, and poor safety and working conditions are frequently spotlighted as reasons for Korea's staggering economic growth. Park seems to be dismissive of the "they work harder than the Japanese" syndrome, pointing instead to management practices and the huge amount of direct government financial support for expansion.

He categorises Korean companies into three broad types. The first group [including the electronics companies Samsung and Gold Star] which covers those that have "familistic" Japanese styles of management. They use quality circles and have some limited forms of lifetime employment. In Samsung, decision-making is particularly centralised but unlike similar-sized Japanese companies it has no union—not even a company-created creature. Gold Star promotes the physical symbols of the company to an even greater degree than the Japanese—the star symbol on work hats, and as buckles on shoes and belts.

Another group of companies which, unlike Samsung and Gold Star, has grown up as export oriented conglomerates, has been allowed to develop with the management mores of the US. Hyundai, with car building and construction as major planks of its business, and the widely diversified Daewoo, tend to have tough cost benefit analysis, strong emphasis on project efficiency and use of semi-retired men with close personal relationships with government officials in an advisory capacity.

Then there is a broader clutch of companies using a mixture of the "familistic" approach, the moralistic Sokkagakai movement of hard work and the supposedly symbiotic relationship between spiritual health and labour.

These companies, which in Park's categories include the Pilot Pen manufacturer in Thailand, mainly operate as labour-intensive businesses in Third World countries.

Some of these differences are simply born out of the different types of activity these companies are in and the place — Japan or the US—where the majority of their most influential executives studied business management.

But Park stresses the flexibility of management systems. Their overseas operations are also allowed considerable decision-making independence to the point in some groups where head office becomes rather remote. Much of this overseas expansion is funded directly by the Korean Government. In some years more than half of total overseas investment by Korean industry has been paid directly by Seoul.

Park, while using descriptions like "centralised, disciplined and ascetic spirit" for Korea's industrial executives, almost all of whom below the very top are in their 50s or younger, also stresses their confidence and aggression. One Hyundai executive referred repeatedly to the "five years later, Japan" strategy — the plan is to catch up and outstrip its Japanese competitors within five years.

TECHNOLOGY

Advanced ceramics companies in the US are likely to enjoy a 50% sales increase by 1989. **Peter Marsh** reports

Minerals come into their element

THE advanced-ceramics business in the US is likely to increase its annual sales by 50 per cent by the end of the decade, according to a report from Frost & Sullivan, US market-research consultants.

Sales of materials based on such inorganic minerals as silicon oxide, silicon carbide, zirconia and aluminium oxide will grow in the US from $2.94bn in 1984 to $4.47bn in 1989, says the report.

About half the sales are in the electronics industry. Chip packages based on substrates such as aluminium oxide (often with other substances added to alter the properties of the circuits in a specific way) are increasingly important.

In Japan, the electronics industry is making particularly rapid headway in investigating new ceramic substances, says a study on Japanese advances in the materials from the National Materials Advisory Board of the US National Research Council.

Other leading areas of application for ceramics are in heat resistant materials, supports for catalysts, abrasives, wear-resistant components—on the blades of ploughs for instance —and cutting tools.

The business of developing high - strength, lightweight ceramic materials is in a similar position to the plastics industry of a few decades ago, says Frost & Sullivan. Ceramics promise to replace metals in applications such as engines and possibly plastics themselves in some instances.

US companies conducting research in ceramics include leading concerns in the car, chemical, aeronautics, glass and metals industries such as Alcoa, Carborundum, Dow, General Motors, TRW, Owens Illinois, Norton, SKF Industries and Corning Glass.

Emerging applications for ceramics are in the following areas:

● Engines. Due to their heat resistance, carefully tailored mixtures of ceramic materials could have uses in areas such as piston caps, exhaust manifolds liners, turbocharger rotors and in the rotors for gas turbine engines. A ceramic rotor for the latter can resist 1,400 deg C, against 1,100 for a metal alloy rotor.

In the US, two research groups are investigating novel applications of ceramics in gas turbine engines. The groups are joint ventures between Detroit Diesel Allinson and General Motors (in work sponsored by the Department of Energy), and Garret and Ford.

In diesels, ceramics have several applications. Conventional diesels require cooling because of the high temperatures at which they operate. The use of ceramics would eliminate the need for a cooling system, reducing maintenance and weight.

Another objective is to find new ceramics to act as insulating materials to stem heat losses from diesels. Cummins Engine and the US Army are working on ceramic to devise new materials for tank engines.

In Japan, meanwhile, Hitachi has tested a car with a diesel engine that uses silicon carbide as the insulating material. Nissan, Isuzu and Kyocera are doing similar work.

● Heat exchangers. Also called recuperators, these are used to recover waste heat from furnaces and other high-temperature installations.

Typically, they comprise a network of pipes constructed from heat-resistant material. Water or some other liquid runs through the pipes to conduct away heat. The energy may be put to use in turning the water to steam, which then drives a generator.

Conventionally the pipes are made from metal alloys. Engineers are now turning to ceramics—which offer better resistance to corrosion from gases in the furnaces and which melt at lower temperatures. Silicon carbide and silicon nitride are among the leading contenders for applications in this area.

● Batteries. Scientists are experimenting with high-performance batteries where the electrolyte is a solid ceramic instead of the conventional acid. These batteries may be a third of the weight of orthodox devices.

Alumina with added sodium is one candidate for such electrolytes. It can be used in sodium-sulphur batteries which appear promising in areas such as the car industry and aerospace. Another electrolyte is conductive glass, used by Dow Chemical.

● Fuel cells. Such devices convert energy from a chemical reaction continuously into direct-current electricity. They are used to augment storage devices such as batteries to provide electricity where no mains supply exists.

As in batteries, fuel cells require an electrolyte. Ceramic substances under investigation for this job include partially stabilised zirconia. This is zirconia to which has been added minute particles of yttria or magnesium oxide, which prevent crack formation and make the material less brittle.

● False teeth. Dental porcelain has been used for years in artificial teeth and crowns. Engineers are now working on new forms of ceramics which break less easily and have other desirable properties. For instance, silicate cements containing fluoride could release substances into the mouth to fight tooth decay.

Kyocera of Japan claims to have made a crystal sapphire implant that is stronger than ordinary porcelain. People fitted with teeth made of this substance can chew harder and longer with no damage to the implant.

● Other medical uses. Materials biologically compatible with the human body are much sought after in the medical fraternity, for instance for bone implants and for components of items such as artificial hearts. Titanium, for example, is much used in these areas but is highly expensive.

Physicians are thus examining a variety of ceramic compounds for jobs such as hip joint replacement.

US Market for Technical Ceramics, Frost & Sullivan, 104-112 Marylebone Lane, London W1M 5FU, $1,800.

ACCORDING TO the US National Research Council, Japanese concerns have been responsible for a number of key advances in ceramic materials for the electronics industry.

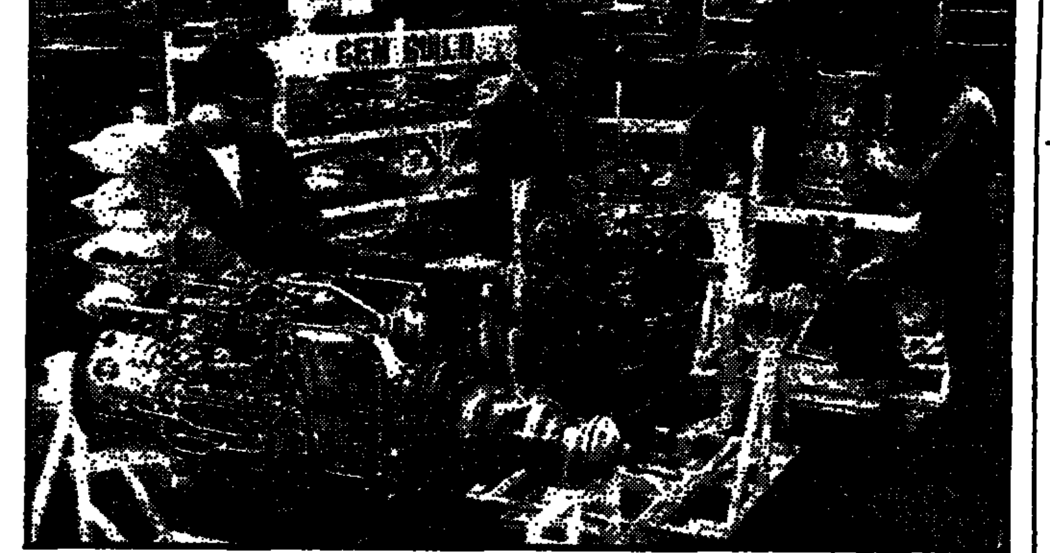
Hitachi has produced a high-tech ceramic based on silicon carbide with the addition of small amounts of beryllium oxide. The material is shaped by diamond tools for use as a thermal insulator in thin-film electronic circuits.

Murata, Kyocera and TDK are developing ceramics processing equipment for incorporation in production lines that turn out chip sub-assemblies, such as packages for TV power supplies.

NEC is working on electronic components particularly good at carrying very fast signals from the processing elements of supercomputers. Mitsubishi is doing similar work in turning out barium titanate layers to form capacitors in new varieties of microchips.

The report says: "The Japanese view 'fine ceramics' as an extremely significant emerging technology because of its wide economic, industrial and social impact on a large number of fields, of which microelectrics, power generation, production tools, sensors and automation, and automobile engines are the primary examples."

High Technology Ceramics in Japan, National Research Council, 2101 Constitution Ave, NW, Washington DC 20418.



Rolls-Royce Gem gas turbine engines under construction: ceramics could be used in the rotors because of high heat resistance.

European launch for terminal

THE JAPANESE company Omron Tateisi Electronics, which has already sold 150,000 terminals for credit authorisation and electronic funds transfer at point of sale in Australia and the US, is to make the systems available in Europe.

They will be supplied by the UK and German subsidiaries and by a network of distributors in other countries.

Omron is offering the FT10 funds transfer terminal at about £1,000. It uses a transmission protocol called high level data link control to give good speed and integrity and allow cost-effective communications, providing for the connection of up to 16 clustered terminals to one telephone line.

The FT10 also supports International Standards Organisation and banking industry data formats and security standards. It will support up to 50 different plastic cards.

In conjunction with Australian company Hypercom, a local area nework has been developed which allows up to 256 FT10s to be connected together and share a single X25 packet switched connection.

More on 01-949 1032.

Applicon bridges integration gap

APPLICON, a subsidiary of the Schlumberger group specialising in computer-aided design, says that before the end of 1986 it will be offering all the hardware and software needed to implement an "open system" computer - aided design, engineering and manufacturing network.

There have been piecemeal attempts by a number of CAD/CAM companies to make CAD systems communicate with other factory computers—those controlling automatic test equipment for example—but such "bridges" need considerable software effort and maintenance. Applicon appears to be the first supplier to make a move towards full commitment of its product range to open working.

Dr Mike Williamson, marketing manager for Applicon in the UK, says that new, more intelligent workstations to be introduced in the first quarter of 1986 will be able to work into Ethernet, which will be the basic transmission medium for the time being. Later, consideration will be given to interworking over a wide-band (high information capacity) system.

Specific interface units will be provided for other makers' products, converting protocols and formats to allow interworking with the Applicon system. Thus, companies that already have computerised systems for other factory tasks (including other CAD systems), will, the company hopes, unite them under a single Applicon umbrella.

Dr Williamson is convinced there is a need for this kind of open networking. Like the users of computers in general, he thinks engineers do not want to have to rely on a single supplier but increasingly will want to buy equipments best suited to specific tasks.

The Applicon network will be based on the open systems interconnect protocols laid down by ISO (International Standards Organisation) and so will also be compatible with systems using MAP (manufacturing automation protocol). MAP has been strongly promoted by General Motors in Europe recently and is an attempt to get automation suppliers to make equipments that can "talk" to each other. Indeed, all GM's suppliers are now committed to doing so.

In the UK, Applicon is in Stockport on 061 429 7227.

GEOFFREY CHARLISH

Commercial attractions in satellites

SEVERAL NEW satellite-based information transfer services will be commercially attractive in Western Europe in the early 1990s, according to a study for the European Space Agency.

The 11-nation agency asked IFC Research of Esher, Surrey, to examine the possibilities in information transfer as a result of satellites to be launched over the next few years. In particular the agency is concerned with applications for its Olympus satellite (formerly L-Sat) due to enter orbit in 1987.

The spacecraft will carry three communications transponders, two for data traffic and one for TV.

IFC Research identified several specific services which could benefit from transfer of information by satellites:

Direct marketing. Organisations could attempt to sell goods using video signals sent to data terminals and display screens across the whole of Western Europe. Householders would key in to their terminals details on the type and number of goods they wanted.

The service could be organised on a similar basis to Prestel, the UK information transfer service based on TV sets.

Teletext. A satellite service could broadcast news information to TV screens. This would be similar to the teletext services in Britain run by the BBC and Independent Broadcasting Authority.

Remote printing. Newspapers which want to print in several places across Europe could do so by beaming signals from earth stations to several printing plants. In particular, such plans could appeal to companies that publish newspapers dealing with fast-moving business affairs.

Agricultural information. By satellite methods, farmers could gain access to information about weather forecasts and prices of farm products and goods such as fertilisers.

Education and training. Schools and organisations that run training courses for business users could benefit from lessons transmitted by satellites. People in industry who want to learn about new areas of technology, new microcircuit design methods for example, could do so by tuning in to an international schools training service.

Cultural activities. Several educational, religious and cultural bodies in Europe have expressed interest in a service to beam throughout the continent TV programmes showing plays and dramas or documentaries about different aspects of international life.

According to the study, the European Space Agency should do more to educate potential users of Olympus of the services that the satellite could make possible.

The agency should indicate to companies how by starting with trial use of the transponders on the satellite they could evolve into offering full-scale commercial services.

Study of Information Dissemination by Satellite, IFC Research, Ruxley Towers, Ruxley Ridge, Claygate, Esher, Surrey, KT10 0UG.

PM

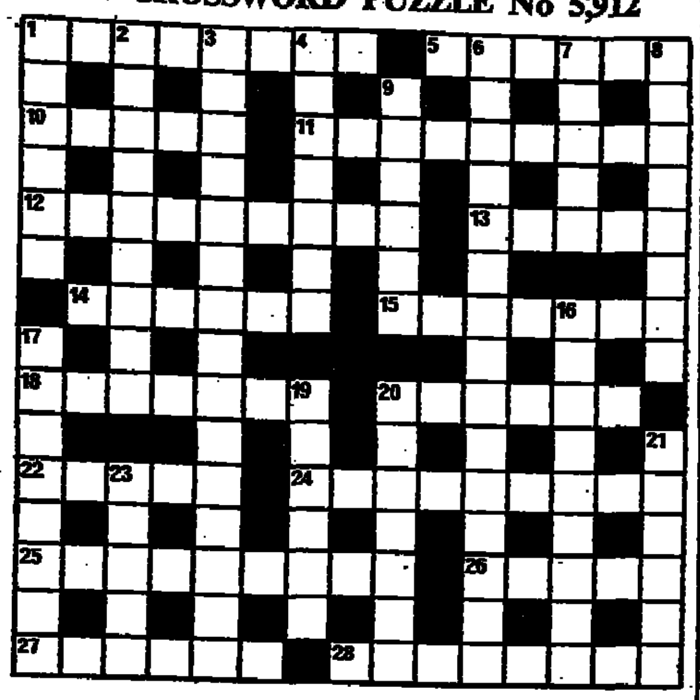
Computer maps

LEEDS UNIVERSITY scientists are to use computer-generated maps in efforts to find oil in Africa.

The maps, to be produced as a result of a two-year contract worth £500,000 with a group of multinational oil companies, will be fashioned on computer screens using results from data such as minerals surveys and knowledge of geological conditions.

In the work, researchers from the university's Department of Earth Sciences will join another academic group at the Lamont Doherty Geological Observatory at Columbia University.

FT CROSSWORD PUZZLE No 5,912



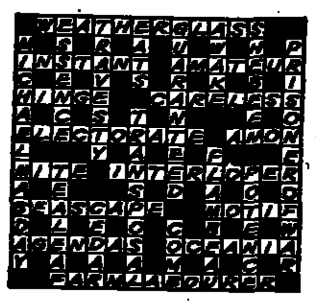
ACROSS

1 Put down accellerator, perhaps, in motorway's stretch (8)
5 Antacid? (6)
10 Master of half-league sailors (5)
11 Shots from everybody in Norwich City FC, for example? (9)
12 School subject of common mutual reaction (9)
13 Come in, join the party! (5)
14 Suppressor of scenario parts not A1? (6)
15 Keep from Jack Tar's mark (7)
18 Share lead with another, by day, in the Big Apple (7)
20 Frank Shaw's play cut short (6)
22 A French international player to remove the stopper (5)
24 Orderly scaphoid? (9)
25 Fresh support for the dollar-bill (9)
26 Board requiring Franco-German consent? (5)
27 Start out to run quickly, capturing record (6)
28 Diabolical elf ran in distress (8)

DOWN

1 Animosity of male with guardsman's intended (6)
2 Battered, like ship of 24? (9)
3 It is moving when writer makes his point (6-9)
4 Big Claud, we hear, former British soldier (7)
6 Very old rocks from Land's End—Dorset? Nothing in that! (3,3,9)
7 Love-in-a-mist is wettish (5)
8 Working in bank, making a profit (8)
9 The doctor's cold (6)
16 Excitement of Disneyland? (9)
17 Flogged SE drug Co going bust (9)
19 Consternation of maids undone by youth-leader (6)
20 It lays in stylish range (7)
21 Particular squad (6)
23 Cold banger is inexpensive (5)

Solution to Puzzle No 5,911



APPOINTMENTS

C. E. Heath broking chief

C. E. HEATH has appointed as an additional director Mr Peter C. Methley. He becomes chief executive insurance broking, and in this capacity will also join the board of C. E. Heath (Insurance Broking) Holdings. Mr D. H. Newton will remain chairman of this company.

★

Mr Maurice Byron has been appointed administration director of VISIONHIRE—a wholly-owned subsidiary of the Electronic Rentals Group. He joins from Vistec Business Systems, a company in the group, where he was marketing director.

★

Mr L. A. Maton and Mr J. T. R. Solder have been appointed directors of ANDREW WEIR INSURANCE COMPANY.

★

Mr Bernard Brook-Partridge, a former chairman of the Greater London Council, has been elected president of the INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS for 1986.

★

Mr R. H. Hunting and Mr G. H. Williams have joined the board of HUNTING ASSOCIATED INDUSTRIES. Mr R. H. (Richard Hugh) Hunting is not the same person as Mr R. H. (Richard Haigh) Hunting, who is chairman of Hunting Petroleum Services.

★

Joining the board of FOSTER TURNER & BENSON are Mr Martin Druce, creative director, and Mr James Halfhide, an account director.

★

Mr J. H. C. Maitland-Jones and Mr A. N. Robertson have been appointed managing directors of the international division and Mr A. A. O'Reilly has been appointed a director of C. T. BOWRING REINSURANCE. Mr C. J. S. Cullum and Mr G. H. C. Wakefield have been appointed directors of Winchester Bowring.

★

Mr Walter H. Hepher, company secretary, Mr Geoffrey R. Hawkins and Mr Christopher J. Braund have been appointed directors of NIARCHOS (LONDON). Mr Donald M. Harrison has resigned from the board.

★

WHITECROFT has appointed Mr Andrew M. Gurr as chief executive of its building supplies division. He was managing director of Burt Boulton Timber Group.

★

Sir Reginald Eyre has become chairman of NICHOLAS MENDES & ASSOCIATES. His appointment follows the resignation of Mr David Probert who has recently become deputy chairman of the Crown Agents. Sir Reginald has been MP for Birmingham, Hall Green, since 1965 and has held Ministerial posts in the Departments of Environment, Trade and Transport.

Trevor Humphries

Mr Peter Methley, chief executive insurance broker at C. E. Heath.

EXCO INTERNATIONAL has appointed Tan Sri Khoo Teck Puat and Mr Allan Ng Poh Meng to the board. A third director will be appointed in the near future. Tan Sri Khoo Teck Puat will be appointed deputy chairman of Exco and Mr Ng will join its executive committee.

Tan Sri Khoo Teck Puat is an entrepreneur in South East Asia with business interests in hotels, properties and banking. He has interests in the Goodwood group of hotels, one of the largest hotel chains in Singapore, and the Travelodge group of hotels in Australia, New Zealand and the South Pacific. He has a controlling interest in the National Bank of Brunei in addition to shareholdings in major financial institutions in Singapore and Malaysia.

Mr Allan Ng retired as executive deputy chairman of the United Overseas Bank Group on December 31, having served the group for the last 19 years. He remains on the boards of the UOB banking group as a non-executive director. He was immediate past chairman of the ASEAN Finance Corporation which is owned by the major financial institutions of the six South East Asian countries. Mr Ng is a member of the Singapore Government Economic Committee and chairman of the sub-committee on banking and finance.

★

Mr Yusuke Kashiwagi, chairman of The Bank of Tokyo, and Tan Sr Abdul Aziz Taha, senior partner of Deloitte Haskins & Sells, Kuala Lumpur, and formerly governor of Bank Negara, Malaysia, have been appointed to the TOUCHE REMNANT international advisory board.

★

PROJECT SOFTWARE AND DEVELOPMENT INC has appointed Mr Thomas Erickson as managing director of PSDI (UK) in London. He was general manager of Australia and SE Asia branch, based in Sydney.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilts & Fixed Int.	110.2	116.6xd	.....	10.29
High Inc Equity	77.4	82.3xd	+0.2	6.01
Worldwide Bond	161.3	172.8	−0.5	5.61
Capital Growth				
American Growth	138.4	147.2xd	−0.5	2.40
Asian Pacific	44.5	48.1	.....	2.40
Assets & Engy. Tl.	81.4	87.0	+0.2	1.68
Capital Reserve	60.8	61.1	+0.1	—
Commodity & Engy	64.8	69.7	.....	1.72
European Capital	66.5	70.7	−0.2	2.12
General	120.1	128.4	+0.3	3.31
Japan	52.7	56.4	+0.1	—
Mastertrust	50.2	53.4	.....	1.87
UK Growth Acc Units	106.7	114.7	+0.2	—
UK Growth Dist	74.5	80.1	+0.1	1.92
U.S. Emerging Co's	53.5	57.5	+0.8	0.45
Equity Prog.	173.4	185.4	+0.6	3.30

For Albion Home see Sentinel Funds Mngmnt Ltd

Allied Dunbar Unit Trusts PLC (a)(g)
Allied Dunbar Centre, Swindon, SN1 1EL (0793) 610366 & 28291

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Magt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	113.2	120.5xd	+1.2	1.30
Income & Growth	45.6	48.5	+0.3	2.8
Special Situations	60.3	64.1xd	+0.2	1.20
American Growth	29.1	30.9	...	1.50
Japan Growth	35.5	37.8	...	—
European Growth	48.9	52.3	−0.4	2.50
UK Growth	44.7	47.8xd	+0.3	1.4
Pacific Growth	32.8	35.1xd	−0.4	2.0
High Income	29.6	31.7xd	−0.4	7.6
Practical Income Units	44.4	47.2	+0.1	2.70
Practical Accum. Units	79.8	85.8	+0.2	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	71.5	76.1	+0.4	2.80
Accum Units	105.8	112.5	+0.6	2.80
Pearl Inc.	97.9	104.1	+0.4	4.74
Pearl Unit Tst.	103.9	110.5xd	+0.6	3.73
(Accum. Units)	177.9	189.3	+1.0	3.73
Pearl Intl Equity	102.5	109.0	−0.1	1.83
(Accum Units)	102.5	109.0	−0.1	1.83

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	217.8	231.7	+0.9	1.43
Income	155.6	166.7	+0.3	5.36
Worldwide Recovery	119.7	128.5		2.13
American Growth	58.9	63.2	−0.3	1.08
Intl. Emerging Cos.	65.2	70.0	+0.3	0.73
Far East Growth Fd.	52.8	56.6	...	1.14

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	50.5	53.6	+0.2	4.41
Prolific Far East	115.2	122.8	+0.3	0.26
Prolific Extra Inc	67.3	71.4xd	+0.3	5.73
Prolific Convert & Gil.	83.2	88.2	+0.4	7.14
Prolific High Inc	144.0	152.7	+0.5	4.00
Prolific Intl.	91.7	97.2	+0.1	1.77
Prolific N. Amer.	122.8	130.2	+0.4	1.97
Prolific Spec. Sits	156.3	165.7xd	+0.1	1.37
Prolific Technology	105.1	111.4xd	+0.6	0.60

Providence Capital Fd. Mgrs. Ltd

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	195.3	208.0	−0.2	2.29
(Accum. Units)	218.3	232.6	−0.2	2.29
(Withdrawal Units)	141.4	150.6	−0.1	2.29
Australian Fund	102.2	108.9	−0.3	1.07
(Accum. Units)	103.3	110.1	−0.3	1.07
British Fund	477.7	509.8	−0.1	4.61
(Accum. Units)	634.8	677.2	−0.1	4.67
European Fund	221.5	236.1	+0.1	1.02
(Accum. Units)	233.4	248.8	+0.1	1.02
Japan Fund	218.4	232.6	...	0.34
(Accum. Units)	219.0	233.3	...	0.34
Sterts PPP	143.2	152.7	...	—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst.	341.5	363.3	+1.1	2.45
North America	51.3	54.5	−0.2	1.02
Far East	55.0	58.5	+0.1	1.18

Sun Life Trust Mngmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc.	24.7	26.3xd	−0.2	1.9
American Income Acc.	25.4	27.0xd	−0.2	4.6
American Income Inc.	25.1	26.7xd	−0.5	4.7
European Growth Acc.	39.3	41.8	−0.1	2.1
Far East Growth Acc.	28.8	30.6	...	0.8
Int. Growth Acc.	27.3	29.0	−0.2	0.9
Japan Growth Acc.	35.2	37.4xd	...	0.3
UK Growth Acc.	29.0	30.9xd	−0.3	2.4
UK Income Acc.	27.4	29.1xd	+0.5	4.3
UK Income Inc.	26.7	28.4xd	−0.2	4.3
Managed Growth Acc.	30.7	32.7	−0.2	2.3
Managed High Yield Inc	32.7	34.8	...	6.8
Managed Income Inc.	27.6	29.4	...	4.3

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	238.6	252.4	+6.6	3.80
Equity Acc.*	287.0	303.7xd	+8.0	3.80
Fixed Int. Dist.†	115.1	119.2xd	−1.0	11.35
Fixed Int. Acc.†	168.9	175.0xd	−1.3	11.35

*Prices on Jan 2. Next dealing Jan 8
†Prices on Jan 2. Next dealing Feb 5

TSB Unit Trusts (b) (c) (y)

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ...... $14.32 | +0.05 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. ...... 14.31 | ... | —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ...... 11.96 | ... | —
Dynamic Gwth Fd. ...... 10.91 | ... | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ...... $10.59 11.19 +0.03

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.15			3-Mth
The Money Market Trust 63 Qn Victoria St. EC4N 4ST. 01-236 0952				
Call Fnd	11.52	8.61	12.57	6-Mth
7-day Fnd	11.62	8.69	+0.08	6-Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.12	8.31	12.11	6-Mth
7-day Fund	11.15	8.33	12.14	6-Mth
Dollar	7.56	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chq Acc	11.00	8.00	11.78	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.00	8.22	12.11	Qtr
Mth. Int. Chq.	11.000	8.22	12.18	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.50	8.60	12.78	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.20	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.00	8.25	12.3	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	10.75	8.04	11.91	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Money Market Plus	—	9.11	13.57	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.33	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	11.00	8.22	12.11	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	11.50	8.59	12.76	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.00	8.22	12.20	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	11.64	8.70	12.70	6-mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.25	8.25	12.16	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.00	8.22	12.21	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc	10.70	8.00	11.92	Qtr
£10,000 +	11.10	8.30	12.39	Qtr
Oppenheimer Money Mgmnt Ltd 66, Cannon St, EC4N 6AE. 01-236 1425				
Money Mngt. Acct.	10.875	8.28	—	3-Mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	11.25	8.41	12.40	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc	11.50	8.60	12.79	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.22	12.11	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.70	8.00	11.89	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	11.36	8.49	12.52	Qtr
Money Acc	11.03	8.25	12.15	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	10.75	8.04	11.91	Mth
Over £10,000	11.0	8.22	12.20	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc	11.49	8.49	12.85	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	15
BAT	26	Midland Bk.	35
BOC Grp.	27	NEI	10
BSR	8	Nat West Bk.	55
BTR	33	P & O Dfd.	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect.	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord.	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons.	18	Turner Newall	9½
Comm Union	25	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs.	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met.	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	10	Burmah Oil	27
Hawker Sidd.	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	10
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Danish move on S. Africa imports rocks coal trade

BY GERARD McCLOSKEY

A DECISION by the Danish Folketing in mid-December to terminate South African coal imports by the end of 1986 has rocked the steam coal market and may turn out to be one of the most important economic measures taken against the republic since last summer. It will hit the fortunes of a number of South African mining houses and could increase significantly the cost of Danish electricity. In all 6.2m tonnes of contracted supplies will be hit—worth, at current prices, some $185m.

The Danish move follows an intervention by the French Premier, Mr Laurent Fabius, to block the renegotiation of any contracts between Atic, the French state-controlled coal buying agency, and its South African suppliers. Already 1.8-2m tonnes of South African supplies have been affected by Mr Fabius's decision, all of it scheduled for delivery during 1986. Unless there is a change of heart by the French it would seem that the coal trade between the two countries, a trade which amounted to more than 5m tonnes in 1985, will cease wthin two or three years.

Although there is some apprehension in South Africa that the measures taken in France and Denmark may be emulated elsewhere, its other markets look secure. And the mining companies can console themselves that French steam coal demand was, in any case, peaking with the inexorable rise of French nuclear electricity capacity. Most importantly, in the growing markets around the Mediterranean and in South East Asia, South African coal seems as welcome as ever.

While the instruction of the Danish Folketing for new legislation to be drawn up to end coal purchases from the Republic by, possibly, as early as August, it has been clear that opposition to the trade had been mounting in Denmark throughout 1985. First a Bill was passed, announcing a cut-off date of 1990 but by November it was clear that this compromise would not be acceptable.

Three coal carriers carrying 450,000 tonnes were blacked by trade unionists in November and still await unloading. A ruling on the blacking by the Danish labour court is due today.

What the long-term effects of these developments will be remains impossible to predict

INTERNATIONAL COAL REPORT
Spot Steam Coal Marker Price

December 1985	$38-38.50
November 1985	$38
December 1984	$44-45

(South African 10,600 Btu/lb 0.8% sulphur. fob barge, Rotterdam)

although there is increasing talk of two tiers of prices emerging; one for coal from South Africa and another for all other suppliers. Another suggestion is that buyers which depend largely on the spot market, such as the cement industry, will win lower prices while term contracts will command a relative premium.

One confident prediction for 1986 is that contract prices will be below those in 1985, reflecting last year's over-supply. Settlements have been reached in Denmark with a wide range of suppliers. South African mines, for example, have agreed price cuts of just under US$2 a tonne bringing fob Richards Bay prices to $30.17 for 6,000 kcal/kg coal. A price cut of a similar order is reported from Japan where the Electric Power Development Corporation is said to have agreed $31.13 fob for 6,700 kcal/kg South African coal.

However, some price settlements in Spain have priced South African coal well below US$30 on an fob basis and the very firm stance being adopted by the Italian electricity utility, Enel, and the Danish power grouping, Elsam, would suggest that prices considerably lower than in contracts already agreed may be on their way.

Although 1986 starts with depressed prices there is considerable cheer in prospect for the coal industry supplying the international market. Notably the next 12 months will see a rise in demand of around 10m tonnes bring the volume of seatraded steam coal to 130m-135m tonnes, following a rise of 20m tonnes in 1984 and 14m tonnes last year. For the international trade there is also encouragement in a decline of output in the aging coal industries in many of the coal importing countries. Apart from the UK, France, West Germany, Taiwan, South Korea are all cutting back on capacity and perhaps most significantly coal consumers in Japan — the world's biggest coal importer — are growing restive about continually having to pay over the odds for coal from Japanese mines.

On the supply side, however, coal looks relatively tight with only the Australian industry and the new El Cerrejon mine in Colombia set to move an increased tonnage. The UK and South Africa may export no more coal in 1986 than in 1985 and the US and Poland considerably less. Demand from within Poland and from other Eastern Bloc countries may restrict Poland's hard currency earnings from coal while in the US a 30 per cent rise in steam coal exports by the end of October 1985 (the last month for which figures are available looks to be as much a side effect of the big stocks built up in 1984 ahead of the predicted United Mine Workers strike (which never took place) as a true reflection of the industry's willingness to supply at 1985's low price levels.

If supplies are tight a recovery in prices is on the cards for the second half of the year.

Gerard McCloskey is editor of FT International Coal Report.

China enters export market

BY ROBERT THOMSON IN PEKING

IT IS a Chinese industrial irony that the country has abundant reserves of coal—and has just announced its large scale entry into the coal export business—yet it is stricken by energy shortages and is making spot purchases of foreign coal.

The Government has focused on coal exploitation as a means of filling the energy gap that keeps factories closed for months at a time and has plans to build numerous thermal power stations during its seventh five-year plan, beginning next year.

Vice-Premier Li Peng, who has been instrumental in the development of energy policy, announced last month that an "output boom" has meant the listing of coal as an "important" item for export.

A major export agreement with Dutch trader SSM was signed in Rotterdam on November 28, providing for the export of 4m tonnes of steam coal to the Netherlands over the next five years in what the Chinese Government called "the biggest single commodity deal China has made in recent years with the Netherlands and Western Europe as a whole."

Total output of coal this year is expected to be about 830m tonnes, up from 789m tonnes last year, and 715m tonnes in 1983. Next year's target is 870m tonnes. The Ministry of Coal Industry estimates that the country's mines have more than 54m tonnes of surplus coal stockpiled.

While coal production has increased, so have coal transportation problems. A Peking-based diplomat recently visited a mine in Henan Province and saw coal trucks lining the roadside waiting to pick up coal destined for Shanghai, about 800 km away on rudimentary roads.

The country's train system is chronically overburdened, forcing the use of road transport on a badly underdeveloped road network to meet supply deadlines, and contributing to the large stockpile that the Government is claiming as a sign of mining success.

Those transport problems resulted in the purchase of Australian coal earlier this year in an experimental shipment to Southern China, because it was easier to ship the coal from Australia than from north-west China.

Also, Australia, believed to have been the only country to sell coal here this year, has been providing high quality coal for the Baoshan Iron and Steel works in Shanghai.

In the year 1984/85, Australia's exports to China were worth A$19.5m, after having sold no coal in the preceding years. Australian officials expect a continuation of Chinese spot purchases in coming years.

China's coal mines, which carry total reserves estimated at 780bn tonnes, can be divided into three categories: the large state-controlled mines; small and medium sized mines run by local governments, and the colelctively or individually run pits.

The Minister of Coal Industry, Mr Yu Hongen, considers that the combined outputs of the three sectors are on course to reach the country's goal of producing 1.2bn tonnes a year by the turn of the century.

Diplomats warn, however, that increases in recent years by the local mines will be difficult to maintain and, if China is to reach its goal, the capabilities of large mines must increase. The purchase of foreign technology will be a key factor.

Chinese officials say coal production has increased by an average of 42m tonnes a year since 1980, of which about 32m tonnes has been won by the small to medium-size locally-run mines, which have tripled in number to 60,000 since economic reforms seven years ago allowed greater local autonomy.

In 1983 those mines produced 350m tonnes. This year they are expected to produce 440m tonnes, and the projection for 1990 is 500m tonnes.

Mr Li appears confident that coal become an important source of foreign exchange, and port developments in Dalian suggest that Japan is to be a major target for the export drive.

On the domestic front, while Mr Yu has boasted about China having surplus stocks, and claimed that local coal prices have fallen significantly because of the surplus, the inefficient exploitation of the resource is still a serious problem.

Mr Yu uses the past tense in saying that coal shortages "had become a drag on the national economy and hindered economic development." He should have used the present and future tenses, as even though the country is mining more coal, industry remains disabled by energy shortages.

Gloomy Brazil forecast boosts coffee futures

By Our Commodities Staff

THE 1986-87 coffee crop in Sao Paulo state, Brazil's second most important growing region, will be only 2.1m bags, more than 6m less than last year, state agriculture officials said yesterday.

That is the lowest estimate so far for the Sao Paulo crop, which was forecast to be 6.4m bags before the recent drought.

The news gave a fresh boost to London's robust coffee futures market, which had already risen sharply as a result of the expected halving of the 1986 Brazilian crop.

Although there is no immediate shortage of coffee, speculators have been given virtually free rein by the paucity of data on the Brazilian crop. The Brazilian Coffee Institute has delayed issuing an official estimate until the end of this month.

Leading London coffee trader E. D. & F. Man warned this week of the damage that a sharp rise in retail prices—as is now virtually inevitable—could do to consumption. "Coffee may have lost many friends who will be difficult to win back," said its market report.

Traders foresee dull year for base metals prices

BY OUR COMMODITIES STAFF

LONDON METAL brokers are expecting aluminium prices to be the only highlight in an otherwise dull year for base metal trading, according to an informal FT survey.

The poll shows that a majority of traders on the London Metal Exchange, the world's leading metals market, expect sterling prices of most of the base metals traded there to decline in 1986.

According to an average of forecasts from a sample of brokers (not including tin, which is certain to drop sharply), nickel and zinc prices will lead the fall, dropping by nearly 20 per cent and almost 16 per cent respectively from their 1985 average levels. The forecast average for aluminium, however, is about 2 per cent above its 1985 level.

However, if currencies perform as brokers are expecting (the mean forecast is that sterling's exchange rate against the dollar will be $1.50, compared with $1.45 at the turn of the year and an average of $1.30 in 1985), prices of copper and lead could also rise in dollar terms in 1986.

The relative gloom over metals prices reflects the fact that production has not been reduced sufficiently over the past year to match demand.

MARKET EXPECTATIONS
(based on LME brokers' forecasts)

	1986 average forecast	1986 forecast range of average forecasts	1985 average	1986 average forecast	1986 forecasts range of average	1985 average
	cents per lb			£ per tonne		
Aluminium	56	50/60	48	831	816/860	814
Copper	69	64/75	65.1	1,023	930/1,080	1,104
Lead	19	18/20	17.9	284	270/310	304
Nickel	206	188/218	227	3,093	2,900/3,204	3,846
Zinc	34	32/37	35.1	501	450/550	595
	$ per troy ounce			£ per troy ounce		
Gold	326	300/350	318	—	—	—
Silver	6.06	5.50/6.40	623	4.04	3.43/4.51	4.79
$/£ rate	$1.50	$1.35/1.60	$1.30	—	—	—

A year in the life of the CAP

This year, the EEC will have to make another stab at the perennial problem of reforming its Common Agricultural Policy, and its efforts in 1985 leave little room for confidence about the outcome. Ivo Dawnay offers a personal view of likely developments.

January: The long-awaited price and policy proposals remain long-awaited. Rumours of mounting tension between Farm Commissioner, Mr Frans Andriessen, and France's Mr Jacques Delors, President of the Commission.

February: At last, the document is published. It proposes a general price freeze and tougher rules on when goods can be sold for guaranteed prices to Community stores. Outrage from farming community.

March: The first lorries carrying Spanish fruit and vegetable products are burnt by protesting French farmers at the Spanish-French border. France, with an eye to the elections, defends its rebellious farmers and demands from EEC the right to pay them compensation for lost sales.

April: With the new farm year under way, the Ministers are nowhere near agreeing on prices. West Germany insists on no price reductions for any products.

May: The Commission revises its proposals to allow modest price rises. The UK opposes plans to impose strict quality standards on cereals allowed into intervention stores as this hurts its farmers.

June: Milk production begins to climb again. Massive sales of grain at prices well-below those of world market are agreed with East Europe and the Soviet Union.

July: The US makes a public protest at the failure of the EEC to offer any significant reductions in export subsidies during the Gatt negotiation on farm products. Huge subsidies granted for US sales of grain in North Africa.

August: Price proposals finally agreed with freeze or marginal increases allowed all-round.

September: Budgetary crisis hits EEC agriculture. Failure to control spending or surpluses forces austerity package through Commission making tighter restrictions on products allowed to be sold into stores. Greece and Italy, backed by Spain, demand direct grant aid to farmers.

October: Financial crisis now at ministerial level with funds due to run out. UK last member state to resist a refinancing package but finally agrees when quality standards for grain sales to Community stores are lowered. Rain produces lower than expected cereals crop.

November: Commission announces new debate on future of CAP.

Peking aims for record harvest

CHINA, STUNG by the first drop in its grain harvest in seven years, has announced ambitious plans to boost its 1986 output and set production records, reports Reuter from Peking.

The China Daily said the acreage sown under grains would be increased this year, a special fund to help grain production was being set up and step would be taken to ensure grain farmers received state-subsidised fertilisers and diesel oil.

It said the country aimed to push grain output in 1986 to its record 1984 level of 407m tonnes compared with last year's 380m, the first drop since 1978.

The drop in grain output last year was due to severe natural disasters and a drop in acreage as farmers switched to more profitable cash crops such as tobacco, tea, fruit, sugar and oilseeds.

Vice Premier Mr Tian Jiyun told a National Conference on rural work last week farmers had grown less grain because production costs were higher and profits lower than from other work.

The China Daily quoted a survey in Sichuan Province, one of the country's top grain areas, as saying that grain farmers earned up to 60 per cent less than peasants working in rural industry, commerce and service trades.

Before last year, grain production was one of the biggest successes of China's six-year-old economic reform programme, with 1984 producing the fourth record harvest in succession and turning the country into a net exporter of grain for the first time last year.

NZ dairy exports

LAST YEAR saw the Soviet Union become one of New Zealand's major customers for dairy products, reports Dai Hayward from Wellington. An end of year sale of 22,000 tonnes of whole milk powder, worth NZ$45m (£15.6m)—the biggest ever made by New Zealand to the Soviet Union—pushed shipments of butter cheese and milk powder to more than 50,000 tonnes, worth more than NZ$96m.

LONDON MARKETS

COFFEE continued to hold centre stage in the commodity market yesterday as a gloomy crop forecast for Brazil's Sao Paulo State pushed futures prices to 8½-year highs. The March position, which had already recovered most of the heavy technical losses of the pre-Christmas period, gained another £160 at £2,895 a tonne. Meanwhile a relatively modest rise in cocoa futures values lifted nearby positions to the highest levels since early October. Dealers attributed the rise, which took the May position £20 higher at £1,804.50 a tonne, to sterling's failure to hold its early strength against the dollar and continued concern about West African crops. On the spot oil market North Sea crude values fell sharply in response to a decline in New York futures values which was in turn attributed to a delayed reaction to a big rise in US heating oil stocks, announced earlier this week, and Mexico's 90c oil price cut. On the London Metal Exchange aggressive selling, thought to represent fund liquidation, sent the cash higher grade copper price £12.75 lower at £959 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	756-7	+4.75	757.5
3 months	791-2	+6	793/783

Official closing (am): Cash 757-.5 (761-.5), three months 783.5-4 (785-6), settlement 757.5 (761.5). Final Kerb close: 791-92.

Turnover: 12,950 tonnes.

INDICES

FINANCIAL TIMES

Jan 1	Dec. 31	M'th ago	Year ago
—*	—*	—*	—

(Base: July 1 1952 = 100)

REUTERS

Jan. 2	Dec. 31	M'th ago	Year ago
1775.5	1770.6	1707.8	1919.2

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Jan. 2	Dec. 30	Month ago	Year ago
Spot	125.35	124.62	—	—
Fut.	133.33	132.30	—	—

(Base December 31 1974 = 100)
* Not available due to suspension of tin LME.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 2 1986	+ or —	Month ago
METALS			
Aluminium	£1100	......	£1100
Free Mkt	$1160/80	+25	$1688/50
Copper			
Cash h Grade	£959.00	-12.75	£941.5
3 mths	£982.75	-10.75	£948.5
Gold Troy oz	$327.25	......	$322.75
Lead Cash	£265.5	+1	£271.6
3 mths	£273.75	+1	£277.75
Nickel			
Free Mkt	187/207c	+4	178/198c
Palladium oz	$95.90	+0.40	$101.65
Platinum oz	$345.30	+5.05	$347.30
Quicksilver†	$250/260		$278/288
Silver troy oz	400.40p	-0.70	410.00p
3 months	411.00p	-1.25	420.85p
Tin cash	‡	......	‡
3 months	‡	......	‡
Tungsten	$69.74	......	$67.77
Wolfram 22.0lb	$53/61	......	$58/64
Zinc	£481.0	-4	£450.5
3 months	£487.75	-4.75	£454.5
Producers	$700	......	$660/675
OILS			
Coconut (Phil)	$435x	-5	$390
Palm Malayan	$405z	-5	$380
SEEDS			
Copra Phil	$270v	+6.0	$240
Soyabean (U.S.)	$224.70z	-0.5	‡

US MARKETS

PRECIOUS METALS came under pressure reflecting the weak tone to energy values which touched off stop-loss selling, but this was checked by weaker dollar, reports Hernold Commodities. Copper and aluminium continued to benefit from sterling strength which encouraed arbitrage buying. Sugar came under light pressure from a pick-up in cash offers. Cocoa remained firm as uncertainty over Ivory Coast crop prospects encouraged manufacturer price fixing. Reports that the coffee crop in Sao Paulo would fall to 2.1 million bags rallied values sharply, in the limitless nearby March position. New crop cotton weakened on expectations of sharp cuts in the 1986 loan rate. Forecasts of warm temperatures in the North East along with a build-up in refiner stocks led to sharpj losses in the energy complex. The soyabean complex firmed on good commission buying. Wheat and maize were under pressure from selling on a technical basis and expectations of better country movement of maize.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	52.80	—	—	52.05
Feb	53.05	—	—	52.45
March	53.40	53.40	52.55	52.65
May	54.00	54.00	53.25	53.25
July	54.60	54.20	54.00	53.85
Sept	55.25	—	—	54.50
Dec	56.25	—	—	55.50
Jan	56.60	—	—	55.85
March	57.25	—	—	56.50

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar retains soft undertone

The dollar finished above the day's lowest levels in currency markets yesterday but retained a bearish undertone. Part of yesterday's recovery was seen as a technical correction in the light of its recent sharp fall. In addition there were one or two large buying orders which in the continued absence of some sections of the market managed to move the dollar in comparatively light volume.

November's US trade deficit continued to have a bearish effect on dollar sentiment and economic statistics released yesterday were much in line with expectations and had little effect on trading. US construction spending rose 0.5 per cent in November after a revised increase of 0.1 per cent in October while factory orders were higher by 1 per cent. However these failed to bring the market out of its doldrums and short term sentiment tended to suggest that the dollar would renew its recent fall.

The dollar recovered from a low of DM 2.4325 against the D-mark to finish at DM 2.4375 although this was still down from Tuesday's close of DM 2.4455. Against the yen it slipped below Y200 to close at Y199.05, down from Y200.25 on Tuesday and its lowest closing level since February 1979. Elsewhere it dropped to FFr 7.4850 from FFr 7.50 and SFr 2.0520 compared with SFr 2.0600. On Bank of England figures, the dollar's exchange rate index rose from 125.3 to 125.4.

£ IN NEW YORK

	Jan. 2	Prev. close
£ Spot	$1.4565-1.4575	$1.4480-1.4490
1 month	0.44-0.40pm	0.44-0.42pm
3 months	1.35-1.29pm	1.32-1.30pm
12 months	4.68-4.53pm	4.67-4.60pm

Forward premiums and discounts apply to the U.S. dollar.

against the dollar in 1985-86 is 1.4885 to 1.0525. December average 1.4555. Exchange rate index 77.9 against an opening level of 78.4, a high of 78.5 and Tuesday's close of 77.9. The six months ago figure was 80.9.

Sterling finished little changed on the day in rather featureless trading. Its firmer trend in the morning reflected the dollar's weaker trend and the pound touched a high of $1.4630 before closing at $1.4500-1.4510, a rise of 50 points from Tuesday. Elsewhere it was unchanged at DM 3.5350 and SFr 2.9775. Against the yen it fell to Y288.75 from Y289.50 but rose against the French franc to FFr 10.8575 from FFr 10.84.

against the dollar in 1985-86 is 3.4510 to 2.4375. December average 2.5120. Exchange rate index 131.4 against 121.8 six months ago.

The D-mark finished below its best level against the D-mark in Frankfurt yesterday although the dollar's undertone remained soft. US economic statistics released yesterday appeared to have little overall effect and the US unit finished at DM 2.4480 little changed from Tuesday's close of DM 2.4495 but significantly higher than the day's low of DM 2.4325. Earlier in the day it had been fixed at DM 2.4480 from DM 2.4703.

Previous news of a disappointing US trade deficit had set the tone fora weaker dollar and there are still some hopes of an early reduction in the US discount rate.

However scope for a sharp downward correction for the dollar against the D-mark may be limited by a desire to avoid unnecessary strains within the EMS and the unfavourable effect on West German exports.

POUND SPOT—FORWARD AGAINST POUND

Jan 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4410-1.4630	1.4500-1.4510	0.43-0.40c pm	3.43	1.34-1.30 pm	3.64
Canada	2.0247-2.0475	2.0314-2.0344	0.39-0.30c pm	2.04	1.27-1.13 pm	2.36
Nethlnd.	3.97¼-4.01¼	3.98-3.99	2⅛-1⅞c pm	5.83	6⅛-5⅝ pm	5.77
Belgium	72.11-72.96	72.40-72.50	13-6c pm	1.57	39-29 pm	1.88
Denmark	12.86½-12.98	12.87½-12.88½	4-3ore pm	3.26	11½-10½ pm	3.36
Ireland	1.1574-1.1682	1.1614-1.1624	0.02-0.15p dis	−0.88	0.80-1.33dis	−3.67
W. Ger.	3.53-2.55½	3.53-3.54	2⅜-2pf pm	7.00	6⅝-5⅞ pm	6.79
Portugal	226½-231¼	226¾-229¼	145-440c dis	−15.34	435-1240dis	−14.64
Spain	221.20-223.15	221.20-221.50	35-75c dis	−2.98	150-285 dis	−3.75
Italy	2409½-2435	2416-2417	14-20lire dis	−8.44	31-38 dis	−5.71
Norway	10.90½-10.98½	10.94½-10.95½	⅜-1⅝ore dis	−0.96	2½-3½ dis	−1.10
France	10.83½-10.93½	10.85½-10.86½	½-2½c dis	−1.38	4-6½ dis	−1.87
Sweden	10.94-11.02½	10.97½-10.98½	⅜-1⅛ore dis	−0.89	1½-2½ dis	−0.59
Japan	287¼-291	288½-289½	0.12-0.10y pm	0.46	0.37-0.34 pm	0.49
Austria	24.86-25.06	24.85-24.89	11½-9½gro pm	5.07	32½-27½ pm	4.85
Switz.	2.96½-3.00½	2.97¼-2.98¼	2-1⅝c pm	7.81	5¾-5½ pm	7.56

Belgian rate is for convertible francs. Financial franc 73.40-73.50. Six-month forward dollar 2.58-2.53c pm. 12-month 4.65-4.50c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4410-1.4630	1.4500-1.4510	0.43-0.40c pm	3.43	1.34-1.30 pm	3.64
Ireland†	1.2420-1.2532	1.2470-1.2480	0.50-0.40c pm	4.32	2.50-2.00 pm	7.21
Canada	1.3985-1.4023	1.4010-1.4020	0.15-0.17c dis	−1.37	0.41-0.44dis	−1.21
Nethlnd.	2.7420-2.7650	2.7475-2.7485	0.56-0.53c pm	2.38	1.46-1.43 pm	2.10
Belgium	49.75-50.18	49.90-50.00	7-9c dis	−1.92	23-27 dis	−2.00
Denmark	8.86-8.93¼	8.87½-8.88½	¼ore pm-¾ dis	−0.17	¼-¾ dis	−0.28
W. Ger.	2.4325-2.4580	2.4370-2.4380	0.71-0.68pf pm	3.38	1.93-1.88 pm	3.12
Portugal	155¾-158	157-158	150-350c dis	−19.05	450-1000dis	−18.41
Spain	152.40-153.40	152.90-153.00	75-125c dis	−7.84	270-350 dis	−8.10
Italy	1661¼-1674	1665½-1666½	15-17lire dis	−11.50	36-40 dis	−9.10
Norway	7.50¼-7.56¼	7.54¼-7.55¼	2½-3ore dis	−4.38	8½-9¼ dis	−4.77
France	7.47-7.53	7.48¼-7.48¾	2½-3½c dis	−4.80	9-11 dis	−5.33
Sweden	7.53-7.58¾	7.56½-7.57	2½-3ore dis	−4.36	7½-8¼ dis	−4.23
Japan	198.70-199.55	199.00-199.10	0.19-0.13y pm	0.96	0.65-0.55 pm	1.20
Austria	17.12-17.23½	17.18-17.20	2½-1⅞gro pm	1.48	6½-5 pm	1.34
Switz.	2.0510-2.0625	2.0515-2.0525	0.76-0.69c pm	4.16	1.96-1.92 pm	3.76

Belgian rate is for convertible francs. Financial franc 50.60-50.65.
† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Jan 2	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.451	3.535	288.8	10.86	2.978	3.988	2417.	2.033	72.45
$	0.689	1.	2.438	199.1	7.485	2.052	2.748	1666.	1.402	49.95
DM	0.283	0.410	1.	81.68	3.071	0.842	1.127	683.6	0.575	20.50
YEN	3.463	5.023	12.24	1000.	37.60	10.31	13.80	8369.	7.040	250.9
F Fr.	0.921	1.336	3.256	265.9	10.	2.742	3.670	2226.	1.872	66.73
S Fr.	0.336	0.487	1.187	96.98	3.647	1.	1.338	811.6	0.683	24.33
H Fl.	0.251	0.364	0.887	72.46	2.725	0.747	1.	606.4	0.510	18.18
Lira	0.414	0.600	1.463	119.5	4.493	1.232	1.649	1000.	0.841	29.98
C $	0.492	0.714	1.739	142.0	5.341	1.465	1.960	1189.	1.	35.64
B Fr.	1.380	2.002	4.879	398.6	14.99	4.110	5.500	3336.	2.806	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Jan. 2	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅝-11¾	11⅝-11¾	11⁹⁄₁₆-11¹¹⁄₁₆	11⅝-11⅞	11¾-11⅞	11⅝-11¾
U.S. Dollar	8¼-8¾	8⅛-8¼	8-8⅛	7⅞-8	7⅞-8	7⅞-8⅛
Can Dollar	8½ 9	9-9¼	9-9¼	9-9¼	9-9¼	9-9¼
D Guilder	5¾-5⅞	5¾-5⅞	5¾-5⅞	5¾-5⅞	5⁹⁄₁₆-5¹¹⁄₁₆	5⅞-6
Sw. Franc	2¼-2½	2¾-3	4-4⅛	4-4⅛	4-4⅛	4⅛-4¼
Deutschmrk	5-5⅛	4¾-5	4⁵⁄₁₆-4⁷⁄₁₆	4⁵⁄₁₆-4⁷⁄₁₆	4⁵⁄₁₆-4⁷⁄₁₆	4⅝-4⅞
Fr. Franc	9-9¼	10½-10¾	12⅜-12⅞	13¼-13¾	13¼-13¾	12-12½
Italian Lire	11-15	14-18	17-19	17-18	16-17	15-16
B.Fr.(Fin)	9⅛-9⅝	9¼-9¾	9¼-9¾	9¼-9¾	9¼-9½	9-9¼
Br.Fr(Con)	8½-9	9¼-9¾	9¾-10¼	9¾-10¼	9¼-9¾	8¾-9¼
Yen	7⅜-7⅝	7¾-7⅞	7⅛-7¼	7⅛-7¼	6⅜-6½	6⅝-6⅞
D. Krone	8⅛-9	8⅝-9⅛	8⅝-8⅞	8⅝-8⅞	8⅛-9	8⅝-9⅛
Asian $ (Sng)	8⅜-8⅞	8¼-8⅝	8-8⅛	7⅞-8	7⅞-8	7⅞-8

Long-term Eurodollars: two years 8¼-8½ per cent; three years 8¾-9 per cent; four years 9-9¼ per cent; five years 9¼-9½ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

CURRENCY MOVEMENTS

Jan. 2	Bank of England Index	Morgan Guaranty Change %
Sterling	77.9	−13.3
U.S. dollar	125.4	+14.6
Canadian dollar	80.3	−11.1
Austrian schilling	122.7	+6.3
Belgian franc	93.0	−9.1
Danish Kroner	84.1	−1.9
Deutsche mark	131.4	+12.2
Swiss franc	151.9	+12.8
Guilder	121.2	+7.4
French franc	70.1	−11.4
Lira	46.3	−19.2
Yen	178.5	+50.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

OTHER CURRENCIES

Jan 2	£	$
Arg'tina	1.1532-1.1565	0.8000-0.8010
Aus'alia	2.1115-2.1145	1.4645-1.4660
Brazil	15,142-15,233	10,505-10,565
Finland	7.7850-7.7975	5.3940-5.3960
Greece	213.00-217.30	145.60-148.54
H'kong	11.2575-11.2875	7.8070-7.8090
Iran	131.30*	93.90*
Kuwait	0.4160-0.4175	0.28878-0.28898
Lux'burg	72.40-72.50	49.90-50.00
Malay'sa	3.4885-3.4985	2.4160-2.4180
N'Z'land	2.8600-2.8700†	1.9840-1.9880
Saudi Ar	5.2585-5.2595	3.6495-3.6505
Sin'pore	3.0450-3.0550	2.1120-2.1140
S.Af.(Cm)	3.6555-3.6700	2.5315-2.5415
S.Af.(Fn)	5.0670-5.2510	3.5090-3.6365
U.A.E.	5.2940-5.3030	3.6715-3.6735

* Selling rate.
† Correction (December 31): NZ$—£ rate was 2.8775-2.8875.

CURRENCY RATES

Jan. 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.757867	0.616072
U.S.$	7½	1.10181	0.891148
Canadian $	9.49	*	1.24939
Austria Sch.	4	18.9111	15.3158
Belgian Fr	9¾	55.0247	44.6109
Danish Kr	7	9.78260	7.94681
D'mark	4	2.69026	2.18420
Guilder	5	3.03493	2.46099
French Fr	9½	N/A	6.70232
Lira	15½	N/A	1488.66
Yen	5	N/A	177.606
Norway Kr.	8	8.28901	6.72950
Span'h Pta.	—	168.265	136.435
Swedish K.	10½	N/A	6.74753
Swiss Fr.	4	N/A	1.83398
Greek Dr'ch	20½	162.155	131.542
Irish Punt	—	N/A	0.715807

* C$/SDR rate for December 31: 1.53504

FINANCIAL FUTURES

Weaker trend

Prices had a weaker tone on the London International Financial Futures Exchange yesterday, reflecting disappointment in sterling interest rate contracts as the pound failed to hold on to early gains against the dollar on the foreign exchanges, and US statistics showed a rise in economic growth. Volume remained low after the Christmas and new year holidays, and the market is not expected to regain momentum until Monday when staff levels return to normal.

March long term gilt futures opened at 111-09, near the day's peak of 111-10, as the cash market and sterling began on a firm note. But the softer tone to the pound in the afternoon pushed the contract down to a low of 110-20, before it closed at 110-24, compared with 111-02 on Tuesday.

Three-month sterling deposits for March delivery finished unchanged at 88.38, after opening at 88.45, and falling to a low of 88.36.

Dealers also pointed out that sterling contracts were hit by weakness of oil prices on the spot market, where North Sea crude fell by up to 80 cents a barrel, and on the New York futures exchange, which opened limit down for heating oil.

March Eurodollars eased to 92.23 from 92.26, as Federal funds remained high in New York, while US Treasury bonds for March delivery fell to 85-03 from 85-09, after opening at 85-03, and trading in a range of 84-24 to 85-05. Good selling was reported in spite of the thin market, as traders responded to a rise of 1 per cent in November US factory orders, against an October fall of 1 per cent. In the same month construction spending rose 0.5 per cent, compared with 0.1 per cent in the previous month. These figures were slightly above market expectations, while the injection of liquidity into the New York banking system by the Federal Reserve was too late to influence the market, but was widely forecast.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4505	1.4464	1.4373	1.4250	1.4048

IMM—STERLING $s per £

	Latest	High	Low	Prev
March	1.4315	1.4405	1.4305	1.4390
June	1.4200	1.4270	1.4200	1.4260
Sept	1.4090	1.4150	1.4090	1.4150

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4348	1.4530	1.4325	1.4355
June	1.4216	—	—	1.4225
Sept	1.4108	1.4270	1.4203	1.4115

Est. volume 511 (48)
Previous day's open int. 1,886 (1,853)

LIFFE—DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4103	0.4131	0.4100	0.4114
June	0.4138	—	—	0.4147

Est. volume 50 (19)
Previous day's open int. 168 (184)

STERLING INDEX

	Jan 2	Previous
8.30 am	78.4	77.8
9.00 am	78.5	77.8
10.00 am	78.5	77.8
11.00 am	78.4	78.0
Noon	78.2	77.9
1.00 pm	78.1	77.8
2.00 pm	77.9	77.9
3.00 pm	77.9	78.0
4.00 pm	77.9	77.9

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	110-24	111-10	110-20	111-02
June	111-08	111-20	111-08	111-14
Sept	111-18	—	—	111-24

Est. volume 1,287 (259)
Previous day's open int. 4,085 (4,108)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) −4 to +6 (32nds).

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
March	96-05	96-14	96-05	96-11
June	96-22	—	—	96-28

Est. volume 65 (11)
Previous day's open int. 810 (811)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
March	88-38	88-47	88-36	88-38
June	88-80	88-86	88-80	8-79
Sept	9-05	89-10	89-05	89-03
Dec	89-03	89-14	89-07	89-06

Est. volume 1,231 (485)
Previous day's open int. 7,029 (6,896)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
March	144.25	144.65	143.50	143.86

Est. volume 194 (136)
Previous day's open int. 1,752 (2,846)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	92.32	92.26	92.21	92.26
June	92.12	92.14	92.10	92.15
Sept	91.92	91.94	91.88	91.95
Dec	91.65	91.67	91.64	91.69

Est. volume 1,792 (796)
Previous day's open int. 17,740 (17,809)

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last March	June	Sept	Vol	Puts—Last March	June	Sept	Vol
90.00	2.23	2.13	—	—	0.00	0.01	—	—
90.50	1.73	1.65	—	—	0.00	0.03	—	—
91.00	1.24	1.19	1.09	—	0.01	0.07	0.17	—
91.50	0.78	0.78	0.72	—	0.03	0.16	0.30	2
92.00	0.36	0.45	0.43	—	0.13	0.33	0.51	80
92.50	0.11	0.21	0.22	25	0.38	0.59	0.80	—
93.00	0.02	0.08	0.09	—	0.79	0.96	1.17	—

Previous day's open int: Calls 1,913, Puts 2,078

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last Jan	Feb	Mar	June	Sept	Puts—Last Jan	Feb	Mar	June	Sept
1.20	—	—	24.53	24.53	—	—	—	0.00	0.17	—
1.25	—	—	19.53	19.53	—	—	—	0.02	0.47	—
1.30	14.53	—	14.53	14.53	14.53	0.00	—	0.12	1.14	2.34
1.35	9.53	9.53	9.53	9.53	10.02	0.00	0.27	0.55	2.34	3.94
1.40	4.53	5.07	5.21	6.38	7.20	0.06	1.16	1.78	4.23	6.12
1.45	0.84	2.21	2.53	4.03	4.99	1.43	3.30	4.06	6.88	8.91
1.50	0.03	0.72	1.00	2.38	3.32	5.62	6.81	7.52	10.23	12.24
1.55	0.00	0.17	0.32	1.31	2.13	10.59	11.26	11.84	14.16	—

Estimated volume total: Calls 350, Puts 403
Previous day's open int: Calls 5,915, Puts 7,028

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Jan	Feb	Mar	June	Sept	Puts—Last Jan	Feb	Mar	June	Sept
1.20	—	—	25.10	25.10	—	—	—	0.15	0.20	—
1.25	—	—	20.20	20.20	20.50	—	—	0.20	0.55	0.90
1.30	—	—	15.20	15.30	15.50	—	—	0.20	1.05	2.00
1.35	10.20	10.30	10.30	10.60	11.30	0.10	0.30	0.70	2.10	3.40
1.40	5.20	5.50	5.95	6.90	7.60	0.10	0.95	1.80	3.75	4.90
1.45	1.15	2.40	3.00	4.35	5.10	1.45	3.00	3.95	6.45	7.50
1.50	0.15	0.95	1.30	2.40	3.30	5.40	6.55	7.25	9.80	10.40

Previous day's open int: Calls 151,792, Puts 85,945. Today's volume: —

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Jan	Feb	Mar	June	Sept	Puts—Last Jan	Feb	Mar	June	Sept
1.20	—	—	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—	—	—
1.30	—	—	—	—	—	—	—	0.20	—	—
1.35	—	—	9.90	—	—	—	—	0.65	—	—
1.40	—	—	5.60	—	—	—	0.95	1.70	3.80	—
1.45	0.80	—	—	3.75	—	1.05	—	—	—	—
1.50	—	—	1.00	—	—	—	—	—	—	—

Previous day's open int: Calls 58,280, Puts 42,102
Volume (mid-day): Calls 474, Puts 2,814

US TREASURY BONDS

8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	85-03	85-05	84-24	85-09
June	84-02	—	—	84-10

Est. volume 2,151 (395)
Previous day's open int. 2,477 (2,443)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	84-29	85-04	84-23	85-07
June	83-30	84-0	83-24	84-08
Sept	83-02	83-07	82-30	83-12
Dec	82-10	82-17	82-08	82-20
March	81-19	81-19	81-16	81-30
June	80-31	80-31	80-29	81-11
Sept	—	—	—	80-11
Dec	—	—	—	—
March	79-17	79-17	79-14	79-30
June	—	—	—	79-19

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	93.18	93.21	93.15	93.20
June	93.12	93.23	93.15	93.20
Sept	92.94	92.94	92.93	92.97
Dec	92.68	92.68	92.65	92.92
March	92.45	—	92.45	92.47
June	—	—	—	92.23
Sept	92.00	—	92.00	92.01
Dec	—	—	—	92.73

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	92.55	92.56	92.58	92.56
June	—	—	—	92.44
Sept	—	—	—	92.23
Dec	—	—	—	91.98

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	92.23	92.25	92.21	92.26
June	92.11	92.15	92.08	92.13
Sept	91.91	91.91	91.88	91.92
Dec	90.63	—	90.63	91.66
March	91.36	91.37	91.36	91.38
June	91.09	91.10	91.09	91.12
Sept	90.85	90.86	90.84	90.88
Dec	—	—	—	90.65

Company Notices

PORTUGUESE GOVERNMENT 3% EXTERNAL DEBT 1902

In accordance with the law of the 14th May 1902 and the Decree of the 9th August of the same year the Sinking Fund Instalments due 1st January 1986 have been effected by the Junta do Credito Publico in Lisbon as follows:—

1ST SERIES BONDS

Purchases in the market consisted of 2 bonds of £20.00 and 4 bonds of £100.00 totalling £440.00. The balance of the instalment was made up by the drawing in Lisbon of 1,500 bonds of £20.00 each and 230 bonds of £100.00 each, having a total value of £53,000.00.

2ND SERIES BONDS

Purchase in the market consisted of 17 bonds of £19.90 totalling £338.30. The balance of the instalment was made up by the drawing of 275 bonds of £19.90 and 10 bonds of £89.50 each, having a total nominal value of £6,467.50. In accordance with the terms of the General Bond, bonds of this series are repayable at a premium of 25% on their face value.

3RD SERIES BONDS

The instalment has been met by the drawing of 3,425 bonds of £19.90 each and 790 bonds of £99.50 each having a total value of £146,762.50 together with an equal number of non interest bearing bonds.

The aforementioned drawn bonds are repayable from 1st January 1986 to 30th June 1991 and those stamped by the Portuguese Financial Delegate for payment in sterling may be presented for repayment at the Securities Department Counter of BARING BROTHERS & Co., Limited, 8 Bishopsgate, London EC2N 4AE, where lists of the numbers of the bonds and lodgement listing forms for the drawn bonds may be obtained.

RAND MINES

DURBAN ROODEPOORT DEEP, LIMITED
Registration Number 01/00926/06
(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group
PAYMENT OF COUPON No. 117

With reference to the notice of declaration of dividends advertised in the press on 10th December 1985, the following information is published for the guidance of holders of share warrants to bearer. The dividend was declared in South African currency and in accordance with the conditions of payment of this dividend, payment from the offices of the Secretaries of the Company in the United Kingdom will be made in United Kingdom currency at the telegraphic transfer rate of exchange between Johannesburg and London which ruled on 28th December 1985.

Payments will be made against coupon No. 117 on or after 31st January 1986 in U.K. currency at the Securities Department of Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX, or in French currency at Credit Lyonnais, 19 Boulevard des Italiens, 75002 Paris. Coupons must be left for at least four days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10.00 a.m. and 3.00 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent. United Kingdom income tax will also be deducted from coupons presented for payment at the Securities Department of Hill Samuel & Co. Limited, unless coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deductions are made the net amount of the dividend is as follows:—

	South African Currency per Share	U.K. Currency Equivalent per Share
	Cents	Pence
Amount of dividend declared	100.00	26.181300
Less: South African non-resident Sharholders' tax at 15%	15.00	3.927195
	85.00	22.254105
Less: U.K. Income tax at 15%		3.927195
		18.326910

Secretaries of the Company
in the United Kingdom:
Charter Consolidated
Services Limited
40 Holborn Viaduct
London EC1P 1AJ

2nd January 1986

NOTE: The Company has been asked by the Commissioners of Inland Revenue to state:

Under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

Appointments

Concerts

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.6109	−0.49	+1.06	±1.5425
Danish Krone	8.12857	7.94681	−2.24	−0.69	±1.6421
German D-mark	2.23840	2.18420	−2.42	−0.87	±1.1455
French Franc	6.86402	6.70232	−2.36	−0.81	±1.3654
Dutch Guilder	2.52208	2.46099	−2.42	−0.87	±1.5162
Irish Punt	0.724578	0.715207	−1.29	−0.26	±1.6673
Italian Lira	1520.60	1488.66	−2.10	−1.57	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

London rates little changed

Interest rates were little changed on the London money market yesterday, firming slightly in the afternoon after sterling failed to maintain its early gains against the dollar. Three-month interbank finished at 11¹³⁄₁₆-11¾ per cent compared with 11⅞-11¹³⁄₁₆ per cent. Discount houses buying rates for three-month bank bills eased to 11¹¹⁄₃₂ per cent from 11⅜ per cent.

The Bank of England at first forecast a money market shortage of £1,150m, but changed this to £1,100m at noon, and provided total assistance on the day of £920m.

An early round of help was offered, and at that time the authorities bought £261m bills outright, by way of £17m bank bills in band 1 at 11⅜ per cent; £170m bank bills in band 2 at 11⁵⁄₁₆ per cent; £30m bank bills in band 2 at 11¼ per cent; £26m Treasury bills in band 4 at 11⁷⁄₃₂ per cent; and £18m bank bills at 11⁷⁄₃₂ per cent.

Before lunch a further £305m bills were purchased outright, through £1m Treasury bills in band 1 at 11⅜ per cent; £2m Bank bills in band 1 at £11⅜ per cent; £214m bank bills in band 2 at 11⁵⁄₁₆ per cent; £37m bank bills in band 3 at 11¼ per cent; £26m £51m bank bills in band 4 at 11⁷⁄₃₂ per cent.

In the afternoon the Bank of England bought another £219m bills outright, by way of £43m bank bills in band 1 at 11⅜ per cent; £158m bank bills in band 2 at 11⁵⁄₁₆ per cent and £18m Treasury bills in band 3 at 11¼ per cent.

Late assistance of around £135m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £970m, with Exchequer transactions absorbing £350m. These outweighed a fall in the note circulation adding £90m to liquidity, and bank balances above target by £85m.

In New York the Federal Reserve added temporary reserves to the banking system by way of overnight system repurchase agreements, when Federal funds were trading at 8¾ per cent. The shortage of liquidity caused by end of year pressure and end of the statement period on Tuesday spilled over into the market yesterday and led to some expectation the central bank might supply funds through four-day system repurchases.

UK clearing banks base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9¼-9½
Fed funds	8¾
Fed funds at intervention	7¾
Treasury Bills & Bonds	
One month	6.43
Two month	6.87
Three month	7.27
Six month	7.45
One year	7.80
Two year	8.00
Three year	8.22
Four year	8.38
Five year	8.50
Seven year	8.89
10 year	9.01
30 year	9.26

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 2)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 7/8	offer 8	bid 7 7/8	offer 8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Jan. 2	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11⅝-15	11⅝-11⅞	11⅝-11¹¹⁄₁₆	11¾-11¹³⁄₁₆	11¾-11⅞	11⅝-11¾
Sterling CDs	—	—	11⅝-11¾	11¹¹⁄₁₆-11¾	11¹¹⁄₁₆-11¾	11⅝-11¹¹⁄₁₆
Local Authority Depos	11½-11⅝	11½-11⅝	11⅝-11¹¹⁄₁₆	11¾-11⅞	11⅞	11⅝
Local Author'y Bonds	—	—	12¼	12¼	12¼	11⅞
Discount Mkt Depos.	11½-11¾	11½	11½	11¼	—	—
Company Depos.	11¾-11⅞	11¾	11⅞	11⅞	—	—
Finance Hse Depos.	—	—	11⅞	11⅞	11⅞	11⅝
Treasury Bills (Buy)	—	—	11⅞	11⅞	—	—
Bank Bills (Buy)	—	—	11⅞	11⅞	11¼	—
Fine Trade Bills (Buy)	—	—	11⅞	11⅞	11⅞	—
Dollar CDs	—	—	7.95-8.00	7.8-7.85	7.8-7.85	7.9-7.95
SDR Linked Depos	—	—	8¼-8½	8⅛-8⅜	8⅛-8⅜	7⅞-8⅛
ECU Depos	—	—	9⅞-10	9⅝-9¾	9⅝-9¾	9¼-9⅜

Treasury Bills (sell): one-month 11⅜ per cent; three-months 11½ per cent. Bank Bills (sell): one-month 11⁷⁄₁₆ per cent; three-months 11⁷⁄₁₆ per cent. Treasury Bills: Average tender rate at discount 11.1662 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11.612 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from January 1 1986. Bank Deposit Rates for sums at seven days' notice 6.625-6.625 per cent (nil). Certificates of Tax Deposits (Series 6). Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11 per cent; nine-12 months 11½ per cent. Under £100,000 10¾ per cent from December 12. Deposits held under Series 5 11½ per cent. Deposits withdrawn for cash 7½ per cent.

MONEY RATES

Jan. 2	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.6-4.8	4.75-4.90	4.60-4.75	4.70-4.85	4.75-4.90	5.5
Paris	9¼	8-9⅛	9-9⅛	9-9⅛	9⅛-9⅜	8¾
Zurich	⅞-1⅛	3⅞-4	—	3⅞-4⅛	—	—
Amsterdam	5⅝-5¾	5¾-5⅞	—	5⅝-5⅞	5⅝-5¾	—
Tokyo	7.78125	7.71875	—	7.65625	—	—
Milan	14⅞-15	15¼-15½	—	14⅞-15	—	—
Brussels	8.90	9⅝-9¾	—	9⅝-9¾	—	—
Dublin	9-9¼	10¾-10⅞	11½-11⅝	11⅞-12⅛	12-12¼	—

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the US dollar against various currencies as of Wednesday, January 1, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one US dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Economics Dept., E.M.E.A. London
Eurodollar Libor as of January 1 at 11.00 a.m.
3 months: 8¹⁄₁₆ 6 months: 8¹⁄₁₆

ECU=$US.885779 SDR1=$US1.0958
Sibor as of January 1 at 11.00 a.m.
3 months: 8¹⁄₁₆ 6 months: 8¹⁄₁₆

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.0202
Algeria	Dinar	4.7955
Andorra	Fr. Franc Sp. Peseta	7.56 154.30
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral	0.801
Australia	Dollar	1.4652
Austria	Schilling	17.33
Azores	Port. Escudo	158.70
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is	Sp. Peseta	154.30
Bangladesh	Taka	31.00
Barbados	Dollar	2.0113
Belgium	Franc (c) Franc (f)	50.375 50.80
Belize	Dollar	2.00
Benin	C.F.A. Franc	378.00
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	12.09
Bolivia	Peso (o) Peso (f)	1568000. 1568000.
Botswana	Pula (6)	2.1222
Brazil	Cruzeiro (o)	10400.
Brunei	Dollar	2.1077
Bulgaria	Lev	1.00
Burkina Faso	C.F.A. Franc	378.00
Burma	Kyat	7.7647
Burundi	Franc	111.975
Cameroun Rp	C.F.A. Franc	378.00
Canada	Dollar	1.3988
Canary Is	Sp. Peseta	154.30
Cape Verde Is	Escudo	89.2698
Cayman Is	Dollar	0.835
Cen. African Rep.	C.F.A. Franc	378.00
Chad	C.F.A. Franc	378.00
Chile	Peso (o)	182.50
China	Renminbi Yuan	3.2015
Colombia	Peso (o)	171.32
Comoros	C.F.A. Franc	378.00
Congo Ppls Rep. of	C.F.A. Franc	378.00
Costa Rica	Colon	53.40
Cuba	Peso	0.8901
Cyprus	Pound*	1.8185
Czechoslovakia	Koruna (o)	6.50
Denmark	Krone	8.8885
Djibouti Rp. of	Franc	146.228
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso Peso (d)	1.00 2.965
Equador	Sucre (d) Sucre (f)	185.75 95.75
Egypt	Pound Pound (c)	0.83 1.34
El Salvador	Colon Colon (d)	2.50 5.00
Eq'tl Guinea	C.F.A. Franc	378.00
Ethiopia	Birr (o)	2.0605
Faeroe Is	Dan. Krone	8.8825
Falkland Is	Pound*	1.4387
Fiji	Dollar	1.123
Finland	Markka	5.4285
France	Franc	7.56
Fr. C'ty in Af	C.F.A. Franc	378.00
Fr. Guiana	Franc	7.56
Fr. Pac. Is	C.F.P. Franc	137.454
Gabon	C.F.A. Franc	378.00
Gambia	Dalasi	3.4754
Germany (E)	Ostmark (o)	2.465
Germany (W)	Mark	2.465
Ghana	Cedi (14)	60.00
Gibraltar	Pound*	1.4387
Greece	Drachma (4)	148.20
Greenland	Dan. Krone	8.8825
Grenada	E. Caribbean $	2.70
Guadeloupe	Franc	7.56
Guam	U.S. $	1.00
Guatemala	Quetzal (o) Quetzal (h, i)	1.00 2.948
Guinea Bissau	Peso	170.479
Guinea Rep	Syli	22.5278
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira Lempira (d)	2.00 2.55
Hong Kong	Dollar	7.8105
Hungary	Forint	47.5564
Iceland	Krona	42.06
India	Rupee	12.09
Indonesia	Rupiah	1126.00
Iran	Rial (o)	84.2309
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.2407
Israel	Shekel (10)	1484.00
Italy	Lira (11)	1683.50
Ivory Coast	C.F.A. Franc	378.00
Jamaica	Dollar (o) (5)	5.48
Japan	Yen	201.00
Jordan	Dinar	0.3538
Kampuchea	Riel	n.a.
Kenya	Shilling	14.7371
Kiribati	Aust. Dollar	1.4652
Korea (Nth)	Won	0.94
Korea (Sth)	Won	890.50
Kuwait	Dinar	0.2895
Lao P'ple D. Rep	Kip	35.00
Lebanon	Pound	18.05
Lesotho	Maloti	2.6076
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenstein	Sw. Franc	2.0785
Luxembourg	Lux. Franc	50.375
Macao	Pataca	8.119
Madagascar D.R.	Franc	519.583
Madeira	Port. Escudo	158.70
Malawi	Kwacha	1.6929
Malaysia	Ringgit	2.4349
Maldive Is.	Rufiya	7.00
Mali Rp.	C.F.A. Franc	378.00
Malta	Lira*	2.3781
Martinique	Franc	7.56
Mauritania	Ouguiya	77.00
Mauritius	Rupee	14.23
Mexico	Peso (d) (12) Peso (e) (13)	487.456 359.40
Miquelon	Fr. Franc	7.56
Monaco	Fr. Franc	7.56
Mongolia	Tugrik (o)	3.3566
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	9.62
Mozambique	Metica	41.558
Namibia	S. A. Rand	2.6076
Nauru Is	Aust. Dollar	1.4652
Nepal	Rupee (9)	20.50
Netherlands	Guilder	2.777
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	1.996
Nicaragua	Cordoba Cordoba (d)	10.00 700.00
Niger Rp	C.F.A. Franc	378.00
Nigeria	Naira	0.9506
Norway	Krone	7.5885
Oman Sultanate of	Rial	0.3456
Pakistan	Rupee	15.9878
Panama	Balboa	1.00
Papua N.G.	Kina	1.0101
Paraguay	Guarani (o.c.) Guarani (d)	240.00 647.50
Peru	Sol (o) (2)	13942.
Philippines	Peso	19.00
Pitcairn Is	N.Z. Dollar	1.996
Poland	Zloty (o)	150.14
Portugal	Escudo	158.70
Puerto Rico	U.S. dollar	1.00
Qatar	Riyal	3.641
Reunion, Il de la	Fr. Franc	7.56
Romania	Leu (o) Leu (c)	4.01 12.42
Rwanda	Franc	93.7308
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.4387
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	7.56
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.2701
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1683.50
Sao Tome & Principe DR	Dobra	41.2941
Saudi Arabia	Riyal (7)	3.66
Senegal	C.F.A. Franc	378.00
Seychelles	Rupee	6.602
Sierra Leone	Leone	6.00
Singapore	Dollar	2.1077
Solomon Is	Dollar	1.6051
Somali Rep	Shilling	36.60
South Africa	Rand	2.6076
Spain	Peseta	154.30
Span Ports in N. Africa	Sp. Peseta	154.30
Sri Lanka	Rupee	27.4075
Sudan Rep.	Pound	2.50
Surinam	Guilder	1.785
Swaziland	Lilangeni	2.6076
Sweden	Krona	7.5975
Switzerland	Franc	2.0785
Syria	Pound (o)	3.925
Taiwan	Dollar (o)	39.87
Tanzania	Shilling	16.38
Thailand	Baht (8)	26.65
Togo Rep	C.F.A. Franc	378.00
Tonga Is	Pa'anga	1.4652
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.7664
Turkey	Lira	579.105
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.4652
Uganda	Shilling	1388.82
United Arab Emir.	Dirham	3.673
United Kingdom	Pound Sterling*	1.4387
Uruguay	Peso (m)	124.875
USSR	Rouble	0.7642
Vanuatu	Vatu	100.385
Vatican	Lira	1683.50
Venezuela	Bolivar (g) Bolivar (g) (1) Bolivar (o)	7.50 4.30 14.81
Vietnam	Dong	13.0042
Virgin Is. British	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	7.75
Yemen PDR	Dinar	0.343
Yugoslavia	Dinar	310.939
Zaire Republic	Zaire	54.6636
Zambia	Kwacha (3)	5.6851
Zimbabwe	Dollar	1.6393

n.a. Not available. (m) Market rate. * US dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Peru, August 2: Official rate devaluation of approximately 12 per cent. (3) Zambia, October 11: Kwacha devalued by 66 per cent. (4) Greece, October 11: Official devaluation of approximately 15 per cent. (5) Jamaica, November 8: Rate adjustment fixed by Central Bank bi-weekly auction. (6) Botswana, August 4: Pula revalued by 3 per cent against a basket of currencies. (7) Vietnam: New Dong introduced September 1985. (8) Thailand, December 3: 50-Stang depreciation of Baht. (9) Nepal, November 30: Rupee devalued by approximately 14.7 per cent. (10) Israel, July 1: Official devaluation of 18.8 per cent.. (11) Italy, July 21: Official devaluation of 8 per cent within the EMS. (12) Mexico, July 11: New free rate introduced to replace old free rate. (13) Mexico, July 24: Controlled peso rate devalued by 18.7 per cent. (14) Ghana, October 7: Cedi devalued by approximately 5 per cent. For further information please contact your local branch of the Bank of America.

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101½	99⅛	Exch. 11½pc '86	99⅞	.....	11.77	11.90
99⅞	96¼	Treas. 10pcCnv 1986	99½	+⅛	10.05	11.70
97⅛	92¾	Treas 3pc 1986	97⅛	+⅛	3.09	10.85
100	97½	Exch. 10½pc 1986	99½	+⅛	10.95	11.86
101⅞	99⅝	Treas 12pc 1986	100¼	−⅛	11.96	11.65
98⅞	94⅛	Treas 8¾pc 1984-86‡‡	98½xd	.....	8.63	11.67
105⅛	101⅞	Exch. 14pc 1986	102⅞	.....	13.77	11.67
95¾	87¼	Exch. 2½pc 1986	95¾	+¼	2.61	7.70
104⅛	101⅛	Exch. 13¼pc 1987	101⅝xd	.....	13.04	11.61
99⅞	96¾	Treas 10¼pcCv '87	98⅛	.....	10.41	11.71
93⅝	85½	Exch 2½pc 1987	93⅝	.....	2.67	8.44
100⅛	96¼	Exch. 10½pc 1987	98¾	.....	10.63	11.54
95⅛	89	Funding 6½pc '85-87‡‡	94¾	+⅛	6.86	10.85
99⅛	95½	Treas. 10pc 1987	98⅛	.....	10.20	11.49
92¾	84¾	Treas 3pc 1987	92¼xd	.....	3.25	8.44
102⅞	99⅝	Treas. 12pc 1987	100⅞	−⅛	11.90	11.41
95⅛	90¼	Treas 7¾pc 1985-88‡‡	93⅞xd	+¼	8.25	11.14
100⅛	95⅝	Exch 10½pc '88	98⅛	+⅛	10.67	11.27
98⅝	93⅝	Treas 9¾pc Cv '88	96⅝	.....	10.09	11.36
87¾	80	Transport 3pc '78-88	87¼	.....	3.42	8.57
97⅝	91½	Treas. 9½pc '88	95½	.....	9.95	11.39
102¾	97½	Treas 11½pc 1989	100¼	−⅛	11.47	11.36
97⅛	90¾	Treas 9½pc Cnv. '89	95	.....	10.00	11.34
84⅞	79	Treas 3pc 1989	84⅛	+⅛	3.56	8.50
99⅝	94	Treas 10½pc 1989	97⅞	.....	10.73	11.28
98¾	92	Exch 10pc 1989	96⅛xd	−⅛	10.40	11.36
101⅛	95	Exch 11pc 1989	99	−⅛	11.11	11.31
86⅝	79	Treas 5pc 1986-89	85¼	−⅛	5.85	9.57
40¼	39	Exch 10¼pcCv '89 (£40pd)	39	−⅛	10.49	10.97
108⅞	103½	Treas 13pc 1990‡‡	105¾xd	−⅛	12.29	11.19
101⅝	96⅞	Exch 11pc 1990‡‡	99⅛	−⅛	11.10	11.26
108¾	100¼	Exch. 12¼pc 1990	104⅛	−⅛	12.01	11.25

Five to Fifteen Years

Over Fifteen Years

Undated

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INDUSTRIALS—Continued

INDUSTRIALS—Continued

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
170	110	Metal Closures	146	+1	6.7	2.0	6.6	9.1
17	3	Medical Sciences 2½p	8	...	—	—	—	—
104	63	Midland Marts	82	...	4.0	2.1	7.0	9.8
*83½	55½	Mitchell Cotts	67	...	4.25	2.0	9.1	(6.8)
230	182	Morgan Crucible	216	+6	18.0	1.6	5.3	25.0
33	18	Morris (W) F.A. 20p	21½	−1	g0.5	♦	3.3	♦
131	91	Moss (Robt.) 10p	110	+2	13.0	2.7	3.9	11.8
81	60	Mysom Grp 10p	65	...	g2.5	3.4	5.5	12.3
330	214	NMW Computers	315	...	114.8	2.7	2.2	24.2
43	27	Nash Inds.	33	...	0.5	—	2.2	—
48	15	Neil & Spencer 10p	17	+1	♦—	—	—	5.1
44	14½	Newman Inds 10p	34	+2	20.3	—	1.3	(16.1)
57	26	Noltan	51	...	0.95	2.6	2.7	7.3
216	146	Norcros	196xd	+1	18.6	2.0	6.3	10.7
67	45	Nu-Swift 5p	53	...	13.0	1.9	8.1	8.6
114	68	Oakwood Grp	85	...	114.5	1.4	7.6	(12.5)
250	150	Office & Elect	235	+3	17.5	2.6	4.6	12.0
108	75	Oldacre 20p	82	+1	4.0	2.6	7.1	7.2
58	36	Optometrics $0.01	36	...	0002c	—	4.4	—
525	312½	Oriflame £1	525	...	123.4	1.8	4.5	12.4
18	5½	Overstone 12½p	8	...	—	—	—	—
£233	£158	Ozalid 9pc Cnv 87-92	£239	+5	Q9%	1.9	10.4	5.1
185	98½	PCT Grp 10p	180	...	Q9%	—	13.9	—
£14	850	PLM 'B' Sk 25	950	...	Q21.6%	2.9	5.2	6.7
193	114	PSM Intl.	114	...	1Q5.25	2.5	6.6	7.8
180	115	Paper Systems $0.01	173	−2	bg3.84c	—	1.7	—
68	50	Pacific Sales 10p	66	...	3.0	2.1	6.5	8.7
228	120	Park Place Inv 10p	228	...	6.25	1.9	3.9	19.2
296	165	Parker Knoll 'A'	253	...	9.5	2.9	5.4	9.2
298	45	Parkfield Group 5p	228xd	−2	12.4	2.4	1.5	38.1
80	37	Parrion Ind	53	...	—	—	—	—
£190	£101	Do 11pc CvLn '94-02	£130	+3	Q11%	—	5.3	—
433	287½	Pearson	433	+8	118.5	3.0	2.8	15.4
29	12	Peek Holdings	12	...	—	—	—	—
94	71	Peerless	88	...	6.3	—	10.2	—
362	98	Pentland 10p	285	...	b0.87	20.4	0.4	12.8
62	33	Pentos 10p	59	+1	10.35	7.7	0.8	15.9
75	44	Phillips Patents	68	...	41.25	—	2.6	—
825	440	Photo-Me	825	...	5.08	7.7	0.9	18.7
330	248	Pilkington Br. £1	330xd	+5	12.5	2.5	5.4	8.2
£318	£225	Pitney-Bowes Cnv. Ln.	£306	+2	Q5½%	—	1.9	—
68	48	Plastic Const. 10p	52	...	d2.67	1.4	7.3	(12.1)
12	6½	Platignum 5p	[illegible]	[illegible]	[illegible]			

LEISURE—Continued

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
300	217	LWT	263	...	14.4	1.8	7.[illegible]
*36½	23½	Leisure Inv 10p	32	...	—	—	—
65	53	Leisuretime Int 10p	59	+1	12.1	3.9	5.[illegible]
115	98	Lynmar	103	...	u2.63	3.0	3.[illegible]
163	153	Media Tech Int 25p	172	+2	s2.58	5.4	2.[illegible]
205	124	Medminster 10p	178	...	5.35	2.0	4.[illegible]
280	155	Mrs World 10p	255	...	3.6	4.1	3.[illegible]
127½	68	Mansrow Leisure	69½	...	13.75	2.5	7.[illegible]
39	9½	Nimslo Int 20c	17	...	—	—	—
27	19½	Owners Abroad	24	+½	1.0	2.2	6.[illegible]
54	36	Photax (Lon.)	50	−2	—	—	—
29	18	P'dilly Radio NV 5p	29	...	2.0	♦	10.[illegible]
90	30	Pineapple Dnc St 10p	42	+2	—	—	—
342	183	Pleasurama 5p	297	...	114.6	3.7	2.[illegible]
161	109	Do. 7pcCvCmRedPf.	142	...	7%	—	7.[illegible]
96	77½	Pres Entertain 50p	92½	...	N2.0	2.1	3.[illegible]
65	18	Radio City 'A' NV	25	...	—	—	—
55	35	Radio Clyde N/V	35xd	...	3.25	♦	13.[illegible]
63	34	Riley Leisure 10p	54	...	10.7	—	[illegible]
195	143	Saga Hols. 20p	195	...	14.0	2.1	2.[illegible]
*289	97	Samuelson Grp 20p	265	−5	12.6	6.0	1.[illegible]
111	25	Sangers Photo 10p	88	−5	42.0	1.9	3.[illegible]
202	130	Scetro 50p	168	...	Q3.68	2.6	3.[illegible]
188	128	Scott. TV 'A' 10p	188	...	18.8	2.8	6.[illegible]
508	250	SeaCo Inc $0.125	285	−9	—	—	—
15	6	SelecTV 10p	7½	...	—	—	—
140	8	Spectrum 5p	22	+1	5p2.0	4.8	[illegible]
33	23	TSW 5p	31	...	1.7	2.4	7.[illegible]
153	109	TVS N/Vtg 10p	150	...	6.0	2.2	5.[illegible]
235	132	Television Svcs 50p	153	...	11.5	4.3	1.[illegible]
79	61	Tottenham Hotspur	61	...	4.0	1.1	9.[illegible]
105	72	Trident 10p	90	−2	bg1.1	4.2	1.[illegible]
160	39½	21st Century Dist	45	...	—	—	—
165	93	Tyne Tees TV 'A' £1	140	...	110.5	2.3	[illegible]
114	84	Ulster TV N/V 'A'	106	...	5.25	♦	7.[illegible]
125	67	Vineplan 5p	72	−1	u1.26	♦	2.[illegible]
26	17	Webb (Jos.) 5p	17½	...	10.5	0.6	4.[illegible]
26½	12	Williams (Rex) 5p	16½	...	d0.91	—	7.[illegible]
126	93	Zetters 5p	126	...	4.0	2.9	4.[illegible]

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NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

"Recent Issues" and "Rights" Page 20 (International Edition Page 24)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Equity leaders move higher after cautious opening spell

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 9	Dec 19	Dec 20	Jan 6
Dec 23	Jan 9	Jan 10	Jan 20
Jan 13	Jan 23	Jan 24	Feb 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

The first trading session of the year in London brought fresh gains to leading shares but little overall change in Government stocks. For much of the morning trade, equity investors were cautious and chose to ignore further optimistic forecasts for both the economy and the share market. Early firmness in the exchange rate — up to $1.4630 against the dollar at one stage—was an inhibiting influence along with the Chancellor's repeated warning that pay rises will govern the level of interest rates.

Few blue chip issues recorded movements of any size until 11.15 am. A selective demand then found some jobbers short of stock and the tone brightened, although there was no evidence to suggest that the few institutional operators returning from extended holiday had entered into any major new buying programmes; most fund managers were believed to be still away from their offices.

Speculative interest was cool by recent standards but helped by news of another takeover bid. Macarthy Pharmaceuticals was on the receiving end of the first 1986 bid via a rather complex partial offer from a consortium, and rose 23 to 280p. Tuesday's wild talk of a possible Beecham merger with Guinness faded away but both stocks held up reasonably well.

Around mid-afternoon, the FT Ordinary Share Index was 7.4 up and within 8 points of the November 25 peak. Opening weakness in New York, however, affected sentiment in London and many leading equities drifted back from the session's best levels before firming again in the after-hours' business. The index finally settled 7.1 higher at 1138.5, while the FT-SE 100 Share Index closed 7.9 to the good at 1420.5.

Government securities fluctuated with the exchange rate. Early support took longer-dated Gilts up ¼ but demand was not enough to test the authorities for stock of the recently-created tranches. Prices retained their gains for a while before easing with sterling, which finished at $1.4505, to close with small irregular changes on balance. Shorter maturities performed similarly to end on a mixed note.

Abbey Life wanted

A firm Life Insurance sector was featured by Abbey Life, which continued to reflect a New Year investment recommendation with a fresh jump of 15 to 214p; the rise was also accompanied by vague talk of a possible bid from Citicorp. Equity and Law rose 7 to 255p on news of increased bonuses, while Sun Life put on 6 at 793p and Prudential gained 5 at 788p. Composites also performed well. GRE appreciated 10 at 730p. General Accident moved up 7 to 727p, as did Sun Alliance, to 527p. Lloyds Brokers, however, were held in check by currency considerations. Willis Faber softened a couple of pence to 803p; it was announced yesterday that Johnson and Higgins of the US have acquired a 5 per cent stake in the company.

Hire Purchases provided the main movements in a quiet bank sector. Provident Financial rose 6 to 316p on revived takeover hopes, while Wagon Finance improved 4 to 126p for the same reason. First National Finance Corporation added 3 at 167p ahead of Monday's annual results. Elsewhere, Deutsche, a buoyant market of late since the successful acquisition of the Flick Industrial group, reacted 4½ points to £256¼ after profit-taking.

Among recently-issued Equities, Abbott Mead Vickers, the advertising agency, advanced 18 further to 225p as investors continued to take heed of favourable Press comment. USM-quoted World of Leather were also in demand and closed 16 higher at 188p.

Recent seasonal support of Breweries all but evaporated. Bass, a few pence firmer initially reflecting the confident tenor of the chairman's annual review, later reverted to the pre-holiday level of 660p. Guinness, a lively counter on Tuesday amid rumours, since dismissed, of a possible tie-up with Beecham, encountered sporadic profit-taking and closed 4 cheaper at 316p. Whitbread A, 249p, and Scottish and Newcastle, 166p, eased a couple of pence apiece. Elsewhere, Distillers rallied a few few pence to 497p, after 500p, while unwelcome suitor Argyll Group fell 3 to 343p; next Tuesday sees the first closing date of the offer.

Leading Buildings made progress on increased optimism about prospects for the Construction industry. Blue Circle hardened 5 to 580p and Tarmac moved up 6 to 384p, while BPB Industries added 3 to 363p. Redland improved 2 to 344p following news of the sale of its Prismo road maintenance subsidiary to a Shell UK offshoot for £13m. George Wimpey revived with a gain of 4 at 124p and Taylor Woodrow firmed the same amount to 487p. Timber group Meyer International rose 5 to 191p following an investment recommendation. Other firm spots included Marshalls (Halifax) and Nottingham Brick, up 5 and 7 respectively at the common price of 167p. J. Jarvis rose 5 more to 390p in a restricted market.

ICI fluctuated narrowly in quiet trading before slipping back on early Wall Street influences to close 6 cheaper on balance at 755p. Elsewhere in the Chemical sector, Creda International found support and firmed 3 to 133p and Foseco made similar progress to 216p. British Benzol, however, a rising market recently on "shell" operation hopes, encountered profit-taking and shed 3 to 60p.

Etam below best

Etam were supported up to 214p on takeover hopes before closing 10 higher on balance at 212p. Elsewhere in Stores, speculative buying lifted E. Upton "A" 5 to 37p, while W. H. Smith "A" added 4 at 282p. Among the leaders, Habitat continued to reflect recent comment with a fresh rise of 5 at 458p. Woolworth gained 6 at 536p.

Among the Electrical leaders, GEC, helped by a New Year investment recommendation, put on 6 to 170p. Thorn EMI rose a similar to 407p awaiting next Thursday's interim figures. Among the secondary issues, press mention prompted a revival in AB Electronic which gained 10 to 195p, while a flurry of speculative activity left Lec Refrigeration 12 higher at 245p. First Castle hardened 2 to 156p following a further rejection of Morgan Crucible's bid; the latter rose 6 to 216p. Arlen put on 10 to 70p, but VG Instruments contrasted with a fall of 8 to 322p following a newspaper "sell" recommendation.

TI returned to favour among Engineerings, rising 7 to 377p as hopes of a bid from Evered revived. W. A. Holdings advanced 3 to 44p with the help of call option activity, while Babcock International reflected press comment at 182p, up 4. Castings hardened a couple of pence to 64p and Vosper appreciated 7 at 227p. GKN, 6 better at 269p, led the leaders higher. Hawker Siddeley closed 4 dearer at 465p.

Among Foods, a sudden burst of buying interest lifted Tesco 10 to 295p. Dee Corporation were also firm, at 272p, up 7, while Nurdin and Peacock rose 4 to 158p and Kwik Save hardened a couple of pence to 236p. Albert Fisher, which recently announced the acquisition of US paper and plastics distributor Ziff for £13.9m, gained 4 more to 159p. Elsewhere, Unigate touched 240p prior to closing a penny cheaper at 237p; Hillsdown Holdings, mentioned as a possible bidder for the company, shed 8 to 195p. Pyke Holdings, already in receipt of an offer from Hillsdown, rose a further 23 to 418p as Glen International, which recently launched a successful tender for 25 per cent of Pyke, announced that it had increased its holding to 29 per cent.

Grand Metropolitan responded to an investment recommendation and firmed 5 to 403p.

Wedgwood advance

Gains in the miscellaneous industrial leaders were usually limited to a few pence, but Metal Box responded to investment demand with a rise of 20 at 538p. Pilkington, reflecting a newsletter recommendation firmed 5 to 330p. Elsewhere, revived bid speculation left Wedgwood 16 to the good at 255p, after 260p, while takeover hopes were responsible for a gain of 10 in Brammer. Press mention left Brengreen a penny better at 26½p and Neill and Spencer a like amount dearer at 17p. Pritchard Services improved 3 to 62p following the announcement of the sale of several subsidiaries for approximately £4m. Unigroup revived with a rise of 6 to 119p, while property development hopes enlivened fresh interest in Appledore which advanced 24 to 274p. Buyers continued to show interest in Rank Organisation, up 12 more at 447p, after 450p.

A broker's favourable circular helped Lucas Industries make further progress, closing 7 up at a new peak of 493p. Automotive Products, still reflecting a recent land sale, hardened a couple of pence more to 127p, while AE firmed 3 at 142p.

Paper/Printings were inclined harder in places. Richard Clay improved 8 to 223p and Promotions House hardened 1½ to 26p following revived speculative support.

Leading Properties made further modest headway, Land Securities hardening a couple of pence to 300p and MEPC adding 3 to 298p. Stock Conversion were 5 dearer at 530p and Great Portland Estates 2 better at 162p. Elsewhere, perennial takeover favourite Land Investors revived with a gain of 4 at 58p, while Clayform, still reflecting an investment recommendation, added 3 more to 220p. London and Edinburgh picked up 5 to 450p and Centrovincial Estates 3 to 190p. Against the trend, recently-firm Abaco shed 1½ to 32p, while Edmond Holdings lost a penny to 12p.

Oils mixed

After opening a few pence lower on crude price uncertainties, leading Oils staged a promising rally before turning back again on early Wall Street influences. Final quotations were narrowly mixed with British Petroleum 4 dearer at 562p and Shell 3 better at 668p, but Ultramar a few pence off at 200p and Britoil 2 cheaper at 205p. Irish oils failed to maintain recent upward momentum. Atlantic Resources settled 2 lower at 29p, as did Osceola, at 18p. Oliver Prospecting shed a penny to 20p, but Bryson improved 2 to 65p. Elsewhere, Jackson Exploration attracted further speculative demand and gained 4 more to 32p.

Inchcape featured Overseas Traders with a press-inspired rise of 9 at 312p.

De Beers wanted

South African counters highlighted De Beers deferred which advanced 18 to 330p reflecting persistent support, much of which emanated from US sources, ahead of the forthcoming world diamond sales figure. "Anamint" were marked 3 points higher to £35 in sympathy. Other Rand-domiciled Financials, relatively ignored of late, also made progress with gains of around 25 common to Anglo American Corporation, 760p, Gold Fields of South Africa, 729p, and Gencor, 612p. "Johnnies" closed 2 up at £51.

South African Gold shares continued to improve, although dealers again reported merely nominal interest from either the Cape or the Continent—Switzerland was closed yesterday. However, rises among top-quality issues still extended to over a full point with "Amgold" 1½ higher at £39⅜, and Randfontein 1½ to the good at £48⅞. Smaller gains were evident for Vaal Reefs, £42½, and Western Deep, £21. Marginal stocks performed in similar fashion with Kinross 55 higher at 911p, and Loraine 11 up at 267p. The FT Gold Mines index advanced 7.7 to 257.5.

Quietly firm conditions also prevailed among Australian mines. Leading diversified quotations, supported in overnight Sydney and Melbourne, tended to lose ground later in London, but Golds showed Central Norseman another 5 higher at 293p, while Poseidon rallied 8 to 123p, after 125p, and Gold Mines of Kalgoorlie put on 5 to 375p.

Traded Options

Relatively subdued conditions in the underlying sharemarket were mirrored by Traded Options. Total contracts transacted amounted to 8,865—5,890 calls and 2,975 puts—with business again well distributed throughout the list. Lonrho returned to the fore with 592 calls done, 293 of which were struck in the May 180s. GEC were also in demand with 657 calls struck, while relative newcomer Distillers recorded 378 calls and 111 puts. Another lively interest developed in the FT-SE 100 index contract which contributed 525 calls and 925 puts.

FINANCIAL TIMES STOCK INDICES

	Jan. 2	Dec. 31	Dec. 30	Dec. 27	Dec. 24	Dec. 23	year ago
Government Secs	82.79	82.81	82.95	83.00	82.93	82.94	81.00
Fixed Interest	88.82	†88.78	†88.78	†88.77	†88.81	88.96	84.96
Ordinary ●	1138.5	1131.4	1133.0	1123.3	1116.2	1113.5	928.7
Gold Mines	257.5	249.8	246.0	239.5	245.0	244.8	461.3
Ord. Div. Yield	4.36	4.38	4.38	4.41	4.44	4.46	4.63
Earnings, Yld. %(full)	10.84	10.89	10.89	10.97	11.05	11.09	11.77
P/E Ratio (net) (*)	11.39	11.33	11.34	11.25	11.17	11.13	10.20
Total bargains (Est.)	17,926	16,379	16,211	9,328	10,601	23,966	23,078
Equity turnover £m.	—	330.91	220.69	116.12	223.71	494.20	342.70
Equity bargains	—	16,651	15,421	7,144	7,794	17,694	22,282
Shares traded (ml)	—	124.9	109.0	54.7	106.5	236.4	196.4

● 10 am 1131.6. 11 am 1131.8. Noon 1133.8. 1 pm 1135.8. 2 pm 1136.8. 3 pm 1138.0. 4 pm 1138.1.

Day's High 1138.8. Day's Low 1131.4.

Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.97.

† Correction.

HIGHS AND LOWS

	1985/6 High	1985/6 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (19/10/85)	78.02 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.98 (25/10/85)	82.17 (28/1/85)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1146.9 (25/11/85)	911.0 (5/12/85)	1146.9 (25/11/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4/85)	217.6 (5/11/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Dec. 31	Dec. 30
Daily Gilt Edged Bargains	80.6	88.6
Equities Bargains	109.2	99.9
Equities Value	466.7	446.1
5 day Average Gilt Edged Bargains	75.6	80.1
Equities Bargains	84.1	92.1
Equities Value	519.3	654.9

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Unigate	14	238	+16
ICI	13	761	+ 5
STC	13	100	+ 2
Beecham	11	361	− 7
Guinness	11	320	+ 6
Cable & Wire†	10	308	− 1
Sigmex Intl	10	105	—
Barclays	9	478	+ 1
British Aero	9	470	+ 3
E China Clays	9	279	− 8
BAT Inds	8	313	− 2
Reuters B	8	368	− 7

†Partly-paid

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Abbey Life	214	+15
Abbot Mead Vickers	225	+18
Commercial Union	235	+ 5
Guinness	316	− 4
Metal Box	538	+20
Morgan Crucible	216	+ 6
Pilkington Bros.	330	+ 5
Rank Organisation	447	+12
Ryan Intl.	38	+ 1½
Unigroup	119	+ 6
Wedgwood	255	+15
Wimpey (George)	124	+ 4

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 16	Jan 3	Mar 26	Apr 7
Jan 6	Jan 17	Apr 10	Apr 21
Jan 20	Jan 31	Apr 24	May 6

For rate indications see end of Unit Trust Service

Stocks favoured for the call included John Brown, WA, British Benzol, Sunleigh Electronics, Oliver Prospecting, Aitken Hume, Pleasurama, Astra Industrial, Blacks Leisure and Pavion. No puts or doubles were reported.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. t Indicated dividends: cover relates to previous dividend: p/e ratio based on latest annual earnings. u Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising five ordinary and one warrant. * Units comprising 12 preference shares and one warrant.

NEW HIGHS AND LOWS FOR 1985/86

NEW HIGHS (64)

BRITISH FUNDS (2) Treas. 3pc 1986, Exch. 2½pc 1986. AMERICANS (3) Ahmanson (H. F.), Browning-Ferris, MidCon Corp. BANKS (1) Algemene Bank Nedl. BUILDINGS (3) Meyer Intl., Nottingham Brick, Vibroplant. CHEMICALS (5) Akzo, BASF AG, Bayer AG, Hoechst, Thurgar Bardex. ENGINEERING (6) Castings, Hawker Siddeley, Noble and Lund, Pegler-Hattersley, RHP, Wagon Industrial. FOODS (5) Fisher (A.), Fitch Lovell, Pyke Hldgs., Tesco 9pcCnv.Ln 2002-07, Wessanen (Kon). INDUSTRIALS (17) AGA AB, Assoc. Brit. Eng. 8pcCnv.Pf., Astra AB, BET Dfd, Burndene, Cole Group, Dobson Park, Electrolux, Macarthys Pharm., Malmnet, Ozalid 9pcCnv 1987-92, Scottish Heritable, Serina Ram, Triefus, Unilever, United Packaging, Wedgwood. INSURANCE (1) Royal. MOTORS (2) Automotive Products, Lucas Inds. PAPER (2) Clay (Richard), Smurfit (Jefferson). PROPERTY (1) Connells Estate Agents. TEXTILES (1) Yorklyde. TRUSTS (15)

NEW LOWS (12)

BRITISH FUNDS (1) Treas. 2pc IL 2006. BUILDINGS (2) London and Clydeside, Tysons (Contractors). STORES (1) Bedford (Wm.). INDUSTRIALS (2) Kalamazoo, Limoges Porcelain. PAPER (1) Moorgate Group. PROPERTY (1) Regalian Props. TRUSTS (2) Wemyss Inv., Barrie Inv. and Fin. OILS (2) Dorset Resources, Inter Energy.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	9	31	69
Corpns. Dom. and Foreign Bonds	7	4	70
Industrials	382	175	961
Fin. and Props.	129	62	378
Oils	23	19	85
Plantations	3	0	15
Mines	64	9	107
Others	63	70	98
Totals	680	370	1,781

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thurs Jan 2 1986

[illegible]

FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 75,768

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*562)	500	65	80	93	2	10	16
	550	22	45	60	10	30	35
	600	4	17	32	40	63	65

[illegible]

January 2 Total contracts 8,865 Calls 5,890 Puts 2,975 *Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Dec. 30	Price Sch%	+ or —
Credit'nst'lt ppd.	488	—
Goesser	614	—
Interunfall	1,490	+15
Jungbunzlauer*	42,000	+200
Laenderbank *	2,030	—
Perlmooser	745	—3
Steyr Daimler	167	+5
Veitscher Mag	998	+48

BELGIUM/LUXEMBOURG

Jan. 2	Price Frs.	+ or —
B.B.L.	2,530	—45
Banq. Gen. Lux	9,600	—
Banq. Int.A.Lux	9,400	—
Bekaert	8,990	—20
Ciment CBR	2,995	—55
Cockerill	195	—2
Delhaize	8,580	—
EBES	3,775	—95
Electrobel	11,200	—250
Fabrique Nat.	2,090	—10
GB Inno BM	4,980	—20
GBL (Brux)	2,465	—80
Generale Bank	4,600	—95
Gevaert	4,775	—415
Hoboken	5,950	—
Intercom	2,880	—140
Kredietbank	11,400	—600
Pan Hldgs	9,930	—
Petrofina	6,620	—130
Royale Belge	17,700	—400
Soc. Gen. Belge	2,190	—90
Sofina	8,000	—120
Solvay	6,050	—50
Stanwick Intl	1,100	—
Tractionel	4,675	—445
UCB	5,460	—130
Wagons Lits	3,855	—195

DENMARK

Jan. 2	Price Knr %	+ or —
Andelsbanken	417	+2
Baltica Skand	680	—
Cop Handelsb'nk	348xr	—1
D. Sukkerfab	470	—10
Danske Bank	400	—
De Danske Luft.	1,480	—
East Asiatic	261	—
Forenede Brygg.	1,075	—
Forenede Damp.	229	+4
GNT Hld	655	—15
I.S.S.B.	600	—5
Jyske Bank	845	—5
Novo Inds	1,325	—
Privatbanken	339	—
Provinsbanken	465	+3
Smidth (F.L.) B	321	—8
Sophus Berend	980	—
Superfos	329	—3

FRANCE

Jan. 2	Price Frs.	+ or —
Emprunt 4½% 1973	1,486	+11
Emprunt 7% 1973	7,345	—38
Accor	296	+3
Air Liquide	640	—10
BIC	538	+19
Bongrain	1,670	+35
Bouygues	1,058	+50
BSN Gervais	2,850	+100
CIT Alcatel	1,380	—5
Carrefour	3,180	+65
Club Mediter'n	483	+13
Cie Bancaire	875	+14
Cofimeg	372	—9
Damart	1,955	+5
Darty	1,941	+11
Dumez S.A.	1,095	+15
Eaux (Cie Gen)	929	+14
Elf-Aquitane	199.9	—1.5
Essilor	2,135	+5
Gen.Occidentale	721	—3
Imetal	78.05	+1.85
Lafarge Coppee	812	+12
L'Oreal	2,910	+65
Legrand	2,670	+20
Maisons Phenix	183	+6
Matra S.A.	1,635	+10
Michelin B	1,705	+56
Midi (Cie)	4,750	+128
Moet-Hennessy	2,360	+5
Moulinex	70.4	—1.6
Nord Est	186	+1
Pernod Ricard	838	+20
Perrier	496	+26
Petroles Fra.	291	+2
Peugeot S.A.	612	+5
Printemps (Au.)	417	+2
Radiotech	401	+2.8
Redoute	1,860	—20
Roussel-Uclaf	1,565	+26
Sefimeg	393	+4
Skis Rossignol	1,350	+62
Telemec Elect	2,730	+20
Thomson (CSF)	287	+32
Valeo	382	+21

GERMANY

Jan 2	Price Dm.	+ or —
AEG	274	+35.2
Allianz Vers	2,220	+157
BASF	274.8	+4.3
Bayer	283	+7.5
Bayer.Hypo	534	+9
Bayer-Verein	520	—10
BHF-Bank	535	+19
BMW	572	+2.5
Brown Boveri	298	—
Commerzbank	355	—10
Cont'l. Gummi	169	+3.5
Daimler-Benz	1,236	—10
Degussa	496	—1.5
D'sche Babcock	209	—2
Deutsche Bank	909.5	+15.5
Dresdner Bank	444.5	—7
GHH	255	+19
Henkel	419	+7
Hochtief	780	—20
Hoechst	258.5	—5
Hoesch Werke	159.1	+3.6
Holzmann (P)	600	+15
Horten	220	+8
Hussel	439	+9
Karstadt	357	+9
Kaufhof	350	+8
KHD	312	—
Kloeckner	95	+2
Linde	605	+3
Lufthansa	229	+4
MAN	232	—
Mannesmann	289	+1
Mercedes Hld	1,118	—8
Metallgesell	320	—5
Muench Rueck	3,155	+145
Nixdorf	648	—9
Porsche	1,265	—30
Preussag	255	—
Rhein West Elect	195	+2
Rosenthal	356	+11
Schering	636	+3
Siemens	744.5	—10.5
Thyssen	170.5	+0.1
Varta	282.5	+2.5
Veba	291	—4.5
V.E.W.	140	—1.5
Verein-West	419	—9
Volkswagen	495.0	—3.3

ITALY

Jan. 2	Price Lira	+ or —
Banco Com'le	23,700	+50
Bastogi-IRBS	480	—10
Centrale	3,664	—15
C.I.R.	6,380	+10
Credito Italiano	3,151	+15
Fiat	5,945	—5
Generali Assicur.	77,000	—80
Italcementi	49,200	+400
La Rinascente	961	+1
Montedison	2,770	+41
Olivetti	8,710	—70
Pirelli Co	6,255	+45
Pirelli Spa	3,520	+25
Saipem	6,810	—
Snia BPD	6,415	+16
Toro Assic	24,400	+50

NETHERLANDS

Jan. 2	Price Fls	+ or —
ACF Holding	310	+6
AEGON	118	—2
Ahold	89.8	+1.3
AKZO	149.4	+3.9
ABN	603	+3
AMEV	87	—3.3
AMRO	114.5	—1.3
Bredero Cert	205	+5
Bos Kalis Westm.	16.9	—0.6
Buehrmann-Tet.	139.5	+4
Calland Hlgs	29	—0.7
Dordtsche Pet'm	163.8	—0.9
Elsevier-NDU	193	—2.5
Fokker	77.8	+2.1
Gist Brocades	297.5	+2.5
Heineken	234	+0.5
Hoogovens	78	—2.6
Int Mueller	71.6	+2.3
KLM	52.8	—0.2
KNP	136	+6.6
Naarden	62	+1
Nat Ned Cert	84.5	—6.5
Ned Mid Bank	248	+3
Nedlloyd	213.5	+3.6
Oce Grinten	410	+12
Ommeren (Van)	34.5	+0.7
Pakhoed	90	+2.5
Philips	63.4	+1.4
Robeco	85.5	—0.7
Rodamco	134.2	—1.2
Rolinco	75	+0.5
Rorento	48.5	—
Royal Dutch	173.6	—0.9
Unilever	408.5	+5
VMF Stork	265	+5.5
VNU	325	—2
Wessanen	265	+20
West Utr Bank	86.4	+4.4

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. ex Ex all. * Price in Schillings.

NORWAY

Jan. 2	Price Kroner	+ or —
Bergens Bank	172.5	—1.5
Borregaard	467.5	+11.5
Christiania Bank	177.5	+3.5
DenNorske Cred	185	—3
Elkem	112.5	+2
Kosmos	180	+3
Kvaerner	191	—1
Norsk Data	410	+8
Norsk Hydro	145	—2.5
Storebrand	271.5	—2.5

SPAIN

Jan. 2	Price Pta %	+ or —
Bco Bilbao	415	—
Bco Central	347	+2
Bco Exterior	210	+3
Bco Hispano	183	—
Bco Popular	439	—
Bco Santander	420	—
Bco Vizcaya	595	+3
Dragados	155.5	+7.5
Hidrola	86.5	—1
Iberduero	104.5	—2
Petroleos	179	+4.3
Telefonica	130	+2.5

SWEDEN

Jan. 2	Price Kronor	+ or —
AGA	180	+1
Alfa-Laval B	2630	+30
ASEA (Free)	335	+7
Astra (Free)	515	+20
Atlas Copco	193	+3
Cardo (Free)	265	+2
Cellulosa	179	+4
Electrolux B	201	+7
Ericsson B	236	+11
Esselte	450	—
Mo och Domsjo	212	+7
Pharmacia	191	+1
SaabScania Free	505	+10
Sandvik	660	—20
Skandia	365	+36
Skan Enskilda	79	—0.5
SKF	319	+11
Sonneson	145	+9
Stora Kopparbrg	175	+7
Sven Handlesbn	238	+5
Swedish Match	250	+6
Volvo B (Free)	325	+11

SWITZERLAND

Dec. 30	Price Frs.	+ or —
Adia Intl.	4,600	+50
Alusuisse	685	+5
Bank Leu	4,340	+60
Brown Boveri	1,840	—
Ciba Geigy	4,000	+170
do. (Part Certs)	3,150	+160
Credit Suisse	3,700	—
Elektrowatt	3,440	—
Fischer (Geo.)	1,140	+5
Hoff-Roche PtCts	119,250	+2375
Hoff-Roche 1/10	11,900	+125
Jacobs Suchard	7,650	+175
Jelmoli	3,650	—50
Landis & Gyr	2,350	—10
Nestle	8,925	+475
Oer-Buehrle	1,420	+70
Pirelli	379	+4
Sandoz (Br)	10,950	+150
Sandoz (Pt Cts)	1,740	+10
Schindler (PtCts)	900	+50
Sika	1,855	+55
Surveillance A	6,240	+90
Swissair	1,790	+20
Swiss Bank	575	+11
Swiss Reinsce	13,200	+200
Swiss Volksbk.	2,550	+15
Union Bank	5,240	+60
Winterthur	5,100	+75
Zurich Ins.	6,200	+200

AUSTRALIA

Jan. 2	Price Aust $	+ or —
ANZ Group	4.43xa	+0.05
Ampol Pet.	2.35	+0.05
Ashton	1.15	—0.05
Aust. Cons. Ind	2.82	—
Aust. Guarantee	2.44	—
Aust. Nat. Ins	2.85	—0.05
APM	2.95	+0.07
Bell Group	7.30xc	+0.04
Bell Res	5.3	+0.2
Bond Corp Hldgs	1.78xc	—0.02
Boral	3.25	—
Bougainville	1.92	+0.02
Brambles Inds	4.35	+0.05
Bridge Oil	2.15	—0.05
B. H. Prop.	8.8	+0.05
CRA	5.56	+0.08
CSR	3.62	+0.06
Coles (G.J.)	4.29	+0.04
Comalco "A"	1.82	+0.02
Consolidated Pet	0.22	—0.01
Costain Aust	2.10	—
Dunlop Olympic	2.62	+0.02
Elders IXL	3.05	—0.02
Energ Res	1.65	+0.05

AUSTRALIA (continued)

Jan. 2	Price Aust.$	+ or —
Gen. Prop. Trust	2.2	+0.02
Hardie (James)	3.25	+0.05
Hartogen Energy	2	+0.05
Herald W'yTimes	4.85	—
ICI Aust	2.28	—0.02
Jimberlana F.P.	0.25	—
Kia Ora Gold	0.17	—
Kidston Gold	5	—
Lend Lease	5.6	+0.08
MIM	2.7	+0.05
Mayne Nickless	3.3	—
Myer Emporium	3.5	—
Nat. Aust. Bank	4.45	+0.01
News	9.04	—
Nicholas Kiwi	2.4	—
NorandaP'c(P/pd	0.65	—
North Bkn Hill	2.3	+0.02
Oakbridge	1.17	+0.02
Pancontinental	1.8	+0.05
Pioneer Conc	2.67	+0.07
Poseidon	2.65	—0.2
Queensland Coal	1.48	+0.08
Reckitt & Colman	3.5	—
Repco	1.56	—
Santos	3.35	+0.05
Smith (Howard)	4.4	—
Thos. Natwide	2.5	+0.04
Tooth	5.2	—
Vamgas	2.75	—0.05
Western Mining	3.22	+0.02
Westpac Bank	4.6	+0.08
Woodside Petrol	1.2	+0.05
Woolworths	3.42	+0.08
Wormald Intl	3.45	—0.05

HONG KONG

Jan. 2	Price H.K.$	+ or —
Bank East Asia	24.8	+0.2
Cheung Kong	21.5	+0.2
China Light	15.4	—
Evergo	0.66	+0.05
Hang Seng Bank	47.75	+1.75
Henderson Land	2.15	+0.05
HK China Gas	14.2	+0.2
Hk Electric	8.45	—0.05
HK Kowloon Wh.	7.55	+0.05
HK Land	6.85	—
HK Shanghai BK.	7.95	+0.25
HK Telephone	10.2	+0.25
Hutchison Wpa	27.6	+0.1
Intnl. City	0.97	—
Jardine Math	13.8	+0.1
New World Dev.	6.85	—
Orient O'seas	1.99	—
SHK Props	13	+0.2
Shell Elect	0.91	—
Swire Pac A	32	+0.75
TV—B	6.25	+0.05
World Int. Hldgs.	2.6	—

JAPAN

Dec. 28	Price Yen	+ or —
Ajinomoto	1,150	+20
All Nippon Air	773	—3
Alps Electric	1,770	—10
Asahi Chem	781	—4
Asahi Glass	945	+20
Bank Tokyo	760	—
Bridgestone	522	—
Brother Inds	555	—9
Canon	1,130	—20
Casio Comp	1,780	—
Chugai Pharm	982	—11
Daiei	715	+10
Dai-Ichi Kan. Bk.	1,620	+30
Dai Nippon Ink	325	—
Dai Nippon Ptg	1,390	—
Daiwa House	900	—
Daiwa Sec	785	+3
Eisai	1,320	+10
Fanuc	7,390	+80
Fuji Bank	1,550	+20
Fuji Film	2,030	—30
Fujisawa	905	+10
Fujitsu	1,080	—10
F'jrukawa Elect.	350	—5
Green Cross	2,050	—10
Heiwa Real Est	826	—9
Hitachi	780	—
Hitachi Credit	1,160	+10
Honda	1,200	+10
Indl. Bk. Japan	1,080	+10
IshikawajimaHr.	157	—2
Isuzu Motors	350	—5
Itoh (C)	433	+7
Ito. Yokado	3,060	+10
JAL	9,200	—250
Jusco	960	+4
Kajima	471	+1
Kao Soap	1,010	—10
Kawasaki Steel	138	—
Kirin	751	+12
Kobe Steel	182	+5
Komatsu	518	—5
Konishiroku	673	—7
Kubota	359	+5
Kumagai	780	—5
Kyocera	4,590	+50
Marubeni	338	—
Marui	1,550	—
Mazda Motors	390	—
Meiji Seika	546	—1
MEI	1,280	—20
M'bishi Bank	1,480	—10
M'bishi Chem	540	+5
M'bishi Corp	684	—1
M'bishi Elect	349	+3
M'bishi Estate	1,200	—10

JAPAN (continued)

Dec. 28	Price Yen	+ or —
MHI	385	—9
Mitsui Bank	1,060	—
Mitsui	432	—
Mitsui Estate	1,090	+10
Mitsui Toatsu	214	+4
Mitsukoshi	625	—
NGK Insulators	925	—1
Nikko Sec	725	+10
Nippon Denso	1,360	—10
Nippon Elect	1,320	—10
Nippon Express	610	—1
Nippon Gakki	1,600	+20
Nippon Kogaku	1,060	—
Nippon Kokan	132	—
Nippon Oil	921	+10
Nippon Seiko	520	—1
Nippon Shimpan	760	—15
Nippon Steel	156	—
Nippon Suisan	339	+1
Nippon Yusen	323	—1
Nissan Motor	570	—1
Nisshin Flour	600	+5
Nomura	1,060	—
Olympus	1,000	—10
Onoda Cement	350	—2
Orient Finance	936	+11
Orient Leasing	2,800	+150
Pioneer	1,750	—20
Ricoh	1,080	—
Sankyo	1,090	—
Sanwa Bank	1,400	+20
Sanyo Elect	400	—
Sapporo	622	—11
Sekisui Prefab	850	+6
Seven-Eleven	9,350	—10
Sharp	915	—17
Shimizu Constn	369	—6
Shionogi	792	+7
Shiseido	1,440	+20
Showa Denko	218	+10
Sony	4,080	—10
S'tomo Bank	1,710	+30
S'tomo Chem	248	—5
S'tomo Corp	760	+4
S'tomo Elect	891	—7
S'tomo Metal	140	+1
Taisei Corp	321	—8
Taisho Marine	542	+4
Taiyo Kobe Bank	715	—
Takeda	1,040	+30
TDK	4,430	—40
Teijin	490	—5
Tca. Nenryo	1,190	+30
Tokai Bank	1,000	+10
Tokio Marine	910	+20
Tokyo Elect Pwr	2,880	—10
Tokyo Gas	304	—3
Tokyu Corp	618	+8
Toppan Print	1,050	—
Toray	520	+1
Toshiba Elect	370	—5
Toyo Seikan	1,590	—
Toyota Motor	1,220	+10
USE Inds	213	—
Victor	1,580	—20
Yamaha	640	—1
Yamaichi Sec	734	—3
Y'manouchiPhm	3,010	+40
Yamazaki	612	—18
Yasuda Fire	540	+10

SINGAPORE

Jan. 2	Price $	+ or —
Boustead Hldgs	1.10	—
Cold Storage	2.55	—0.04
DBS	4.70	—
Genting	4.18	—0.12
Haw Par. Bros	1.88	—
Hong Leong Fin	2.40	—
Inchcape Bhd	1.47	—0.05
Keppel Shipyard	0.91	—0.01
Malay Banking	4.38	—
Malay Utd. Ind	1.50	—0.05
Multi Purpose	0.54	—0.03
OCBC	7.10	—0.15
OUB	2.49	—0.12
Public Bank	1.08	—0.05
Sime Darby	1.43	—0.07
Singapore Press	5.55	—0.10
Straits Trdg.	2.18	+0.04
Tat Lee Bk	2.18	—
UOB	3.14	+0.10

SOUTH AFRICA

Jan. 2	Price Rand	+ or —
Abercom	1.95	+0.05
AE&CI	9.15	—
Allied Tech	56	—0.5
Anglo Am. Coal	59.5	—
Anglo Am. Corp	40.25	+0.5
Anglo Am. Gold	205	+16
Barclays Bank	18.75	+0.25
Barlow Rand	14.35	+0.15
Buffels	83.75	+1.25
CNA Gallo	2	—
Currie Finance	4.5	—
De Beers	17.65	+1.85
Driefontein	61	+2.25
FS Geduld	70.5	+1.5
Gold Fields S.A.	39	+1.75
Highveld Steel	6.0	—
Nedbank	8.0	—
OK Bazaars	12.75	—
Protea Hldgs	2.35	—
Rembrandt	51	—
Rust Plat	26	—
Safren	13	+0.5
Sage Hldgs	9.8	—0.2
SA Brews	8.2	+0.1
Smith (CG)	26	—
Tongaat Hulett	7.40	—
Unisec	6.35	—

CANADA

TORONTO
Prices at 2.30pm January 2

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
600	Coni B	$18⅝	19⅛	19⅛	—¼
26900	Canfor	$11	10⅞	10⅞	—⅛
155360	Canron A	$18	17⅞	17⅞	—⅛
3900	Cara	$19¾	19¾	19¾	
500	Cara A I	$19¼	19¼	19¼	+¼
2915	Carl OK	$13⅞	13⅝	13⅞	+¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2962	H Bay Co	$24⅜	24	24⅜	—¼
72106	Husky Oil	$10⅝	10½	10½	
5025	Imasco	$27⅞	27½	27¾	—⅛
41181	Imp Oil A	$51½	51⅛	51⅜	+⅜
15335	Inco	$18½	18¼	18¼	—⅛
200	Indal	$19⅛	19	19⅛	+¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15796	Provigo	$16⅛	16	16⅛	—⅛
1100	Que Sturg	385	375	385	+15

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Indices

NEW YORK—DOW JONES

	Jan 2	Dec 30	Dec 27	Dec 26	Dec 24	Dec 23	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,538.42*	1,550.48	1,543.0	1,528.48	1,518.15	1,528.78	1553.10 (16/12)	1184.96 (4/1)	1553.10 (16/12/85)	41.22 (2/7/32)
Transport	708.78*	708.52	708.45	701.78	83.56	702.25	723.31 (16/12)	553.93 (4/1)	723.31 (16/12/85)	12.32 (8/7/32)
Utilities	174.84*	172.28	172.89	171.27	172.19	173.22	174.96 (20/12)	146.54 (4/1)	174.96 (20/12/85)	10.5 (20/4/42)
Trading vol	—	—	81.5m	82m	78.3m	107m	—	—	—	—

	Dec 20	Dec 13	Dec 6	Year Ago (Approx)
Ind Div Yield %	4.12	4.12	4.20	4.99

STANDARD AND POORS

	Jan 2	Dec 30	Dec 27	Dec 26	Dec 24	Dec 23	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	232.83*	234.23	233.02	230.83	231.12	231.50	235.75 (16/12)	128.24 (4/1)	235.75 (16/12/85)	3.62 (30/6/32)
Composite	208.78*	210.67	209.61	207.65	207.14	209.57	212.02 (16/12)	163.68 (4/1)	212.02 (16/12/85)	4.40 (1/6/32)

	Dec 25	Dec 18	Dec 11	Year Ago (Approx)
Ind div yield %	3.88	3.41	3.48	4.12
Ind. P/E Ratio	13.51	14.77	14.80	10.50
Long Gov Bond Yield	9.29	9.33	9.54	11.37

N.Y.S.E. ALL COMMON

Jan 2	Dec 30	Dec 27	Dec 26	1985 High	1985 Low
120.84*	121.19	120.62	119.93	125.98 (16/12)	94.60 (4/1)

RISES AND FALLS

	Dec 27	Dec 26	Dec 24
Issues traded	1,983	1,957	1,978
Rises	1,123	852	520
Falls	428	615	960
Unchanged	432	490	498

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Caro Pwr	2,557,800	30¼	+ ⅛
Gty Pete	2,425,800	38¾	— ⅛
Bellsouth	2,229,800	40	unch
H Power	2,130,700	23⅝	unch
MidCon Corp	1,878,700	88⅛	— ⅛
IBM	1,448,200	153⅝	— 1⅞
AT&T	1,142,100	24⅝	— ⅛
Mayer Ind	1,108,800	31½	+ ⅛
Pullman Co	1,096,800	8⅛	unch
Toys R US	1,087,700	33½	— 1⅛

Advances 677 Declines 894

TORONTO

	Jan 2	Dec 30	Dec 27	Dec 26	1985/86 High	1985/86 Low
Metals & Minls	2,078.6*	2,078.75	2,053.12	closed	2180.7 (13/2)	1748.82 (31/10)
Composite	2,881.3*	2,883.8	2,882.5	closed	2884.3 (17/12)	2348.5 (8/1)
MONTREAL Portfolio	141.40*	141.84	141.29	closed	142.07 (17/12)	117.90 (4/1)

* Indicates pre-close figure

	Jan. 2	Dec. 31	Dec. 30	Dec. 27	1985-86 High	1985-86 Low
AUSTRALIA						
All Ord. (1/1/80)	1010.8	1005.8	1001.5	987.2	1052.2 (25/10)	715.3 (7/1/85)
Metals & Minls.(1/1/80)	492.5	487.8	486.2	482.8	563.9 (20/6)	382.5 (7/1/85)
AUSTRIA						
Credit Aktien (2/1/62)	(c)	(c)	118.86	118.19	121.85 (28/11)	58.21 (24/1/85)
BELGIUM						
Brussels SE (3/1/80)	2344.75	(c)	2345.43	2329.95	2388.58 (25/11)	2080.7 (18/1/85)
DENMARK						
Copenhagen SE(3/1/83)	237.75	(c)	(u)	238.51	237.75 (2/1/86)	158.44 (8/1/85)
FRANCE						
CAC General(31/12/82)	257.8	285.8	284.3	282.0	257.8 (2/1/86)	188.5 (3/1/85)
Ind Tendance(28/12/84)	101.8	100.9	—	—	101.8 (2/1/86)	100.0 (3/1/85)
GERMANY						
FAZ Aktien (31/12/58)	648.94	(c)	(u)	649.14	649.14 (27/12)	382.39 (3/1/85)
Commerzbank (1/12/53)	1857.4	(c)	1851.5	1857.1	1851.5 (30/12)	1111.8 (3/1/85)
HONG KONG						
Hang Seng Bank(31/7/64)	1774.38	1752.45	1752.82	1756.37	1774.38 (2/1/86)	1220.74 (2/1/85)
ITALY						
Banca Comm Ital. (1972)	457.55	457.94	460.04	456.70	460.04 (30/12)	222.56 (2/1/85)
JAPAN**						
Nikkei (16/5/49)	(c)	(c)	(c)	13085.18	13128.8 (17/12)	11545.2 (5/1/85)
Tokyo SE New (4/1/68)	(c)	(c)	(c)	1047.08	1057.55 (18/7)	916.93 (4/1/85)
NETHERLANDS						
ANP-CBS General (1970)	268.5	(c)	255.6	(c)	268.5 (2/1/86)	185.0 (3/1/85)
ANP-CBS Indust (1970)	250.4	(c)	242.5	(c)	250.4 (2/1/86)	147.9 (3/1/85)
NORWAY						
Oslo SE (4/1/83)	395.92	(c)	385.12	392.76	412.98 (12/11)	288.70 (2/1/85)
SINGAPORE						
Straits Times (1966)	612.52	(c)	628.94	614.54	852.85 (7/3)	595.70 (23/12)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1067.7	1149.6	1150.8	1277.1 (25/11)	828.5 (5/6)
JSE Indust (28/9/78)	—	1184.9	1057.0	1048.8	1067.7 (31/12)	787.1 (7/3)
SPAIN						
Madrid SE (30/12/85)	101.85	(c)	100.00	—	101.85 (2/1/86)	100.0 (30/12/85)
SWEDEN						
Jacobson & P (1/1/58)	1787.55	(c)	1737.65	1,715.06	1787.55 (2/1/86)	1285.82 (9/7)
SWITZERLAND						
Swiss BankCpn(31/12/58)	(c)	(c)	537.9	569.59	537.9 (30/12)	388.7 (3/1/85)
WORLD						
M.S. Capital Intl. (1/1/70)	—	256.5	254.2	253.8	256.5 (31/12)	184.8 (4/1/85)

** Saturday December 28: Japan Nikkei 13,113.32. TSE 1,049.40.

Base value of all indices is 100, except: JSE Gold—255.7; JSE Industrial—264.3; Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON

Chief price changes (In pence unless otherwise indicated)

RISES

Abbey Life	214	+15
Abb. Mead Vick.	225	+18
Anglo Amer. Gold	£39¾	+1¼
Appled. (A.& P.)	274	+24
Babcock Intl.	182	+4
De Beers Defd.	330	+18
Dee Corp.	272	+7
Eq. & Law Life	255	+7
Etam	212	+10
GEC	170	+6
GKN	269	+6
Inchcape	312	+9
Kinross	911	+55
Lec Refrigeration	245	+12
Lucas Inds.	493	+7
Macart. Pharm.	280	+23
Meyer Intl.	191	+5
Poseidon	123	+8
Provident Fin.	316	+6
Pyke Hldgs.	418	+23
Rank Organis.	447	+12
TI	377	+7
Tesco	295	+10
Vaal Reefs	£42½	+1⅛
Wagon Finance	128	+4
Wedgwood	255	+16
Wimpey (Geo.)	124	+4
World of Leather	188	+18

FALLS

British Benzol	60	—3
Hillsdown	195	—8

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 27

Stock	Sales (Hnds)	High	Low	Last	Chng
OldSpIC 2.60	119	22¼	22¼	22¼	—⅛
OneBcp .80	137	30¼	30	30⅛	—⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reeves	648	12¼	12⅛	12⅛	
RgcyEl .20	218	6⅛	6	6⅛	
Regina .12	232	17¼	15⅜	15⅜	—1⅞
Reliab	62	5	5	5	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sovrgn .10	901	7¼	6¾	7⅛	+¼
Sovrans 1.26	129	32½	32¼	32¼	
Speedy	29	20¼	20	20	—¼
Spctran	145	21½	21	21	—½
SpecCtl .07	58	8⅝	8⅝	8⅝	—¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UPresd	65	10⅝	10⅛	10⅛	—⅛
US Ant	120	4½	4¼	4 7-16	+3-16
US Bcp	1797	30⅝	30¼	30⅝	+¼
US Cap	34	3⅝	3⅝	3⅝	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prices at 3pm, January 2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25¾	16	AAR	.56	2.2	16	55	26	25⅝	26	+⅛
23½	10¼	AGS			18	428	u24	23⅝	23⅝	+¼
15⅜	9⅞	AMCA				37	11⅞	11⅛	11¼	+¼
50¾	33½	AMR			7	4613	41½	40⅝	41	−⅜
24¾	18⅝	AMR pf2.18		9.3		3	23½	23⅜	23½	+⅛
25⅞	23¼	ANR pf 2.67		11.		2	24¾	24¼	24¼	−⅛
11¾	7⅜	APL			5	32	10⅞	10¾	10⅞	+⅛
18¾	9	ARX			14	37	15¾	15½	15½	
55⅝	32¾	ASA	2a	5.7		393	35	34½	34⅞	
27	10½	AVX			22	125	14⅝	14½	14⅝	+⅛
28⅛	20⅝	AZP	2.72	10.	8	594	27	26¾	26⅞	−⅜
72	39⅞	AbtLab 1.40		2.1	18	1604	66¼	65¾	66¼	−⅛
28⅝	19⅝	AccoWd.50		1.9	19	50	26½	26⅜	26⅛	−⅛
24¾	10	AcmeC .40		3.0	19	194	13½	12⅝	13½	+1
10½	7	AcmeE.32b		3.8	13	41	8⅝	8½	8½	+⅛
19⅝	15½	AdaEx 1.92e		9.9		54	19½	19⅜	19⅜	
22¾	14	AdmMl .40		1.8	9	13	22⅝	22½	22⅝	+⅛
18⅝	8¾	AdvSys.53t		3.0	16	72	17¾	17⅝	17¾	
38⅝	22⅞	AMD			42	1877	29¼	28⅝	28⅞	−⅛
12⅜	10⅝	Adobe n				67	12⅜	12⅜	12⅜	+⅛
17⅞	14⅝	Adob pf 1.84		10.		21	17⅝	17⅜	17⅝	+⅛
18	15¾	Adob pf 2.40		14.		6	17¾	17¾	17¾	−⅛
14⅝	7½	Advest .12e		.9	19	386	14¼	13⅝	13½	−⅝
53½	36	AetnLf 2.64		5.0	17	1585	53½	52⅞	53	−½
48	24⅝	Ahmns 1.20		2.5	8	2026	48⅝	47⅜	47⅝	−1
3⅝	2½	Aileen				44	3⅜	3¼	3¼	−⅛
68¼	44½	AirPrd 1.48		2.3	13	281	64⅞	63¾	63	−1
24⅝	17½	AirbFrt .60		3.1	11	195	19¼	19⅛	19¼	
2⅛	1⅜	AlMoa s.10e		5.3		2	1⅞	1⅞	1⅞	−⅛
33⅝	27	AlaP pfA3.92		14.		14	28⅛	27⅞	28	−⅛
8¾	6⅞	AlaP dpf.87		10.		146	8½	8½	8½	+⅛

Continued on Page 27

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NYSE COMPOSITE PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
		X Y Z								
60½	37¼	Xerox	3	5.1	20	2286	59⅞	59	59¼	−½
56¾	48½	Xerox pf5.45		10.		8	54⅝	54	54⅝	+⅛
30¼	24⅜	ZaleCp 1.32		4.6	13	101	29¼	28⅞	28⅞	−½
17	6¼	Zapata .12		1.5	55	270	7⅞	7⅝	7¾	+⅛
66⅛	32⅝	Zayre s .48		.8	18	359	61⅝	61	61	−⅝
25	16¼	ZenithE				1073295	20⅝	20¼	20¼	−¼
23⅜	17¼	Zero s .32		1.4	19	41	23⅛	23	23	
41½	24¾	Zurnln 1.32		3.4	14	223	38⅝	38	38⅝	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called.d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, January 2

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 25

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

All the signs of a seasonal hangover

THE US securities markets started the new year with a hangover as thin trading left stocks at the mercy of profit-takers, *writes Terry Byland in New York.*

Attempts to rally were unconvincing although an initial fall of more than 14 Dow points was soon reduced.

At 3pm the Dow Jones industrial average was 6.88 down at 1,539.79.

Wall Street took little heed of bullish federal statistics on employment, construction spending and factory orders.

But turnover was light, and the optimists were not distressed by the bout of profit-taking. The major institutions are unlikely to appear in force until next week, and this leaves private investors tempted by the substantial paper profits available on last year's portfolios.

The credit markets were also sluggish as hopes of an early cut in the federal discount rate were pushed on to the back burner by a federal funds rate of 8¾ per cent – largely a reflection of technical pressures over the Christmas/New Year break. The Fed again signalled displeasure with a high funds rate by making overnight system repurchases when the rate touched 8¾ per cent.

In the stock market a rash of special situations provided the features. There was some selling of retail stocks as Wall Street assessed the outcome of the Christmas season, which appears to have lacked fireworks.

Toys R US, the specialist toy retailer, fell $1⅞ to $33¾ after reporting on December sales and foreshadowing the year's result. Also in the consumer area. McDonald's tumbled $1¼ to $79⅝.

Light trading in blue chips left most prices a shade down. IBM shed $½ to $154½, General Electric $⅝ to $71⅞ and Minnesota Mining & Manufacturing $1 to $88⅝. A single huge block trade lifted Bell South to the top of the active shares list, with the price $⅝ down at $48⅝.

Union Carbide stock was a centre of market attention after GAF increased its offer to $78 a share on the eve of a meeting of the Union Carbide board. Carbide asked for stock suspension and the arbitrageurs were left to ponder the bid situation.

There was busy trading in Occidental Petroleum, down $⅝ at $30⅛ on its decision to enter the struggle for MidCon with an offer of $72.38 a share in cash and stock. MidCon, a pipeline company, eased $⅞ to $68⅝ with Wall Street apparently expecting the Occidental offer to write the finale to the bid story.

Reports that the long-awaited details of the revised bid from Mr Carl Icahn for TWA will exclude any cash benefit for the minority stockholders brought a dip of $⅝ to $15⅝ in the TWA share price.

Other active sectors included tobaccos which still face several cancer liability suits despite the favourable ruling obtained by R. J. Reynolds in a Californian court. Reynolds, at $31⅝, and Philip Morris, at $88⅛, where unchanged, however.

AT&T eased $⅝ to $24⅜ after the company cut many international telephone charges as the competitive atmosphere in the industry heated up.

Other strong areas included US Air, up $2½ at $36⅝, and Cummins Engine, up $1½ at $73½. Financial stocks remained firm, with Downey Savings & Loan up $1¼ at $43⅛. Savings and loan companies are natural beneficiaries of lower short-term rates.

In the credit markets, short-term rates were forced higher behind the federal funds rate, which made no response to the Fed's intervention. Bond prices tried to edge higher but abandoned the attempt to hover just below the levels of New Year's Eve.

But business was thin in the credit markets, and prices were hardly tested. The market believes – and hopes – the federal funds rate will return to below the 8 per cent level when the institutions come back to work next week. A cut in federal discount rate before the end of this month remains Wall Street's most popular rumour.

CANADA

GOLDS AND BANKS led a broad retreat from last year's records in Toronto.

Among banks which registered falls were Toronto Dominion, which traded C$⅝ down at C$24, and National Bank of Canada, which lost C$⅜ to C$21½. Golds which traded lower included Campbell Red Lake, down C$¾ to C$29⅝, and Lac Minerals, off C$½ at C$36.

Elsewhere among actives were Gulf Canada, down C$⅛ to C$20¾, and Bell Canada, C$½ lower to C$41⅞. Canadian Pacific, however, traded C$⅛ higher at C$18⅞.

Montreal also traded lower, led by banks and utilities.

LONDON

Firm tone replaces caution

EARLY caution was shrugged off in London yesterday as buying interest developed in selected shares.

Much of the morning hesitancy followed early firmness in the dollar exchange rate and the Chancellor of the Exchequer's warning that pay rises would govern the inflation rate. However, by noon the tone had brightened, and the FT Ordinary share index closed 7.4 up at 1,138.5.

Bid speculation, although not on the level of recent months, added some interest. Macarthy Pharmaceuticals, which faces a partial offer from a consortium, rose 23p to 280p. Guinness Peat firmed 1p to 71p on news that it had increased its stake in Britannia Arrow, unchanged at 141p.

Elsewhere, diamond share De Beers added 18p to 330p on expectations of increased diamond sales.

Other actives included GEC which rose 6p to 170p, Abbey Life, up 15p to 214p, Tesco, which firmed 10p to 295p, and Wedgwood, 16p higher at 255p.

Chief price changes, Page 25; Details, Page 24; Share information service, Pages 22-23

SINGAPORE

END-OF-YEAR enthusiasm waned in Singapore, which drifted lower in dull trading. The Straits Times industrial index lost 7.72 to close at 612.32.

Among actives Promet lost 2 cents to 50 cents, and Singapore Airlines was 4 cents lower at S$4.30.

Banks closed generally down, with OCBC off 15 cents at S$7.10, CUB down 12 cents at S$2.49 and UOB 10 cents lower at S$3.14. However, DBS was steady at S$4.70 as was Tat Lee at S$2.18.

□ Trading of shares on an immediate delivery basis will end, and transactions on ready basis will resume from January 6. The Singapore Stock Exchange imposed its immediate delivery ruling in the wake of the near-collapse of Pan-Electric Industries.

AUSTRALIA

INSTITUTIONAL BUYING gave a new-year boost to Sydney where the All Ordinaries index closed 7.1 higher at 1,010.8.

Trading in Pioneer Concrete dominated the session on continued speculation of a takeover bid for the company. Its shares closed 7 cents up at A$2.67. Also active was AWA, which added 10 cents to A$5.80.

Bell Group firmed 80 cents to A$7.30 ex-scrip on speculation that it might offload its BHP stake. BHP closed 6 cents up at A$8.80.

Mines were generally firmer, with CRA up 8 cents to A$5.56, CSR 6 cents to A$3.82 and MIM 3 cents to A$2.70.

HONG KONG

A LATE buying rally helped drive Hong Kong higher, adding 21.93 to the Hang Seng index which closed at 1,774.38.

Banks and utilities led the rise, most of which took place in the afternoon. Bank of East Asia closed 20 cents up at HK$24.80, Hongkong and Shanghai Bank added 25 cents to HK$7.95 and Hang Seng Bank was HK$1.75 up at HK$47.75.

Among utilities Hongkong and China Gas added 20 cents to HK$14.20 while Hongkong Telephone and China Light were steady at HK$9.95 and HK$15.40, respectively.

EUROPE

Diverse start to new year

THE NEW YEAR began in diverse fashion on the European bourses yesterday, with records and sharp plunges still the order of the day as foreign buyers remained active in a number of centres.

Festive merry-making continued undiminished in an active Paris that took leading indices higher for the eighth successive session and pushed the CAC General index to another record with a 2.0 point rise to 267.8.

Overseas buying was in evidence, triggered by exchange-rate movements, although a small dose of technical profit-taking dampened some of the more exuberant gains.

Bouygues led the construction sector with a FFr 50 rise to FFr 1,058 while Chiers-Chatillon in metals firmed FFr 3.50 to FFr 69.50. Thomson-CSF started the year with a stunning FFr 82 surge to FFr 887, and Valeo among motor issues finished the session with a FFr 21 rise to FFr 382.

Among food-related stocks, hypermarket group Carrefour hit another record high with a FFr 165 advance to FFr 3,180 while Lesieur slipped FFr 42 to FFr 725.

Brussels suffered a sharp knock as domestic investor unease over tax incentives for share purchases undermined the market. The Belgian Stock Exchange index fell a dramatic 98.75 to 2,844.73.

Market leader Petrofina shed BFr 130 to BFr 6,620 while Tractionel surrendered BFr 445 to BFr 4,675. Others caught in the shakeout included Clabecq, BFr 50 cheaper at BFr 1,020, Gevaert, down BFr 415 at BFr 4,775, and Wagons-Lits, BFr 195 lower at BFr 3,855.

Resisting the downturn, but only just, were Delhaize unchanged at BFr 8,590 and Hoboken steady at BFr 5,950.

Frankfurt suffered a modest dose of profit-taking as the Commerzbank index moved 14.1 down from its Monday record to 1,937.4. Banks were particularly vulnerable to the technical pressures that trimmed DM 15.50 off Deutsche Bank at DM 909.50 while Commerzbank fell DM 10 to DM 355. BHF, however, surged DM 19 to DM 533.

Car makers were mixed, with Porsche DM 30 cheaper at DM 1,265 and BMW DM 2.50 up at DM 572.

All was not doom and gloom as retailers, buoyed by strong Christmas sales and the prospects of higher consumer demand this year, made good progress. Karstadt added DM 9 to DM 337, and Kaufhof finished DM 8 up at DM 350.

Other bright spots included electrical group AEG, DM 33.20 ahead at DM 274 after some short covering for option trading.

An early rally in **Amsterdam** was sharply reversed in the afternoon, and most sectors were left mixed. The mid-session calculation of the ANP-CBS General index reflected the early firmness as it hit a record 260.5 with a 4.9 rise.

The early Fl 10 surge of ABN was sapped leaving the bank only Fl 3 stronger at a close of Fl 603.

Among internationals Akzo was buoyed Fl 3.90 to Fl 149.40 by a Dutch court ruling banning one of its major competitors, Du Pont, from importing its Kevlar aramid fibre into the Netherlands. Unilever held on to its Fl 5 rise to finish at Fl 406.50 although Royal Dutch was hindered by a soft dollar and lower oil prices and shed 90 cents to Fl 173.60.

Stockholm and **Madrid** rose while **Milan** was mixed. **Zurich** and **Vienna** remained closed for holidays.

SOUTH AFRICA

GOLDS shone in Johannesburg as 1986 opened with a stronger bullion price.

Free State Geduld closed R1.45 up at R70.50, Buffelsfontein added R1.25 to R83.75 and Driefontein firmed R2.25 to R51.

The rise in golds spread to other mining sectors, with mining financial Anglo American up 50 cents to R40.25. Diamond share De Beers added R1.05 to R17.65.

TOKYO

Foreigners with a yen for a listing

THE FOREIGN section of the Tokyo Stock Exchange (TSE) sprang to life during 1985, *writes Shigeo Nishiwaki of Jiji Press.*

Turnover rose from a paltry 4.5m shares in 1984 to 117.5m between January and November last year. The daily average turnover increased from 15,000 to 448,400 shares with its value rising from about Y93bn to almost Y753.5bn.

The cause of the excitement was the listing of 10 companies on the foreign section from last June, bringing the total to 21 by the end of the year.

Major Japanese securities houses predict that another 20 foreign companies will be listed this year and that more foreign stocks could be traded in Tokyo than in New York by the end of 1987.

Nomura is in line to handle several forthcoming listings, including British Telecom and Cable & Wireless, which it is targeting for next May or June, and Daiwa Securities is likely to be mandated for seven or eight listings, including McDonald's and Eastman Kodak. A Nikko Securities official said his firm hoped to handle four US manufacturers. Listings are also rumoured for Merrill Lynch and Westpac Banking.

Senior executives of major multinationals have been flocking to Tokyo to deliver presentations on their companies to Japanese institutional and individual investors. The numbers of such presentations are estimated to have more than doubled to between 70 and 80 in 1985.

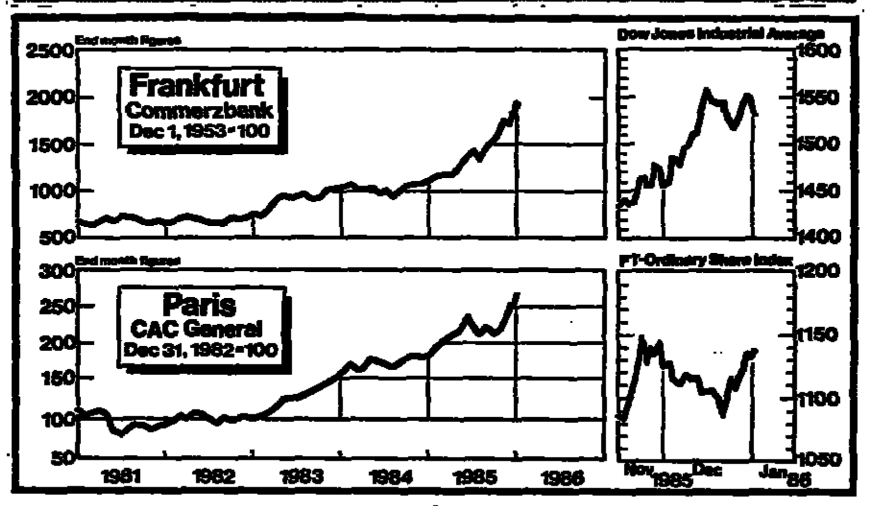
The TSE's foreign section opened in December 1973 with only six stocks traded. Eight more were added in 1974, including IBM and General Motors. Another five were signed up in 1976.

However, the complex procedures and high cost involved in arranging a listing, plus the minimal benefits, eroded the foreign section's appeal. Some companies withdrew, reducing the number of stocks from 17 to 11 by the end of 1984, and trading remained in the doldrums apart from a few exceptions such as IBM and GM.

The foreign section has become more international following the arrival of the 10 newcomers. The national mix, previously limited to the US and the Netherlands, now covers Australia, West Germany, Canada, Switzerland and Spain.

The TSE, in order to increase turnover in the foreign section further, has decided to extend trading hours to two hours in the morning and two hours in the afternoon to bring them into line with Japanese issues. Foreign stocks are now traded for 30 minutes during each session.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 2	Previous	Year ago
NEW YORK			
DJ Industrials	1,539.79*	1,546.67	1,198.87
DJ Transport	706.08*	708.21	558.13
DJ Utilities	174.45*	174.81	149.52
S&P Composite	209.67*	211.28	165.37
LONDON			
FT Ord	1,138.5	1,131.4	928.7
FT-SE 100	1,420.5	1,412.6	1,220.0
FT-A All-share	686.62	682.94	581.88
FT-A 500	753.51	749.37	636.98
FT Gold mines	257.5	249.8	451.3
FT-A Long gilt	10.41	10.43	10.40
TOKYO			
Nikkei	closed	13,083.18	11,542.6
Tokyo SE	closed	1,047.08	913.37
AUSTRALIA			
All Ord.	1,010.8	1,003.8	729.0
Metals & Mins.	492.5	487.6	411.7
AUSTRIA			
Credit Aktien	closed	119.66	59.22
BELGIUM			
Belgian SE	2,844.73	2,943.48	—
CANADA			
Toronto			
Metals & Minls	2,076.0*	2,079.4	1,932.0
Composite	2,891.3*	2,900.6	2,394.8
Montreal			
Portfolio	141.40*	141.89	119.71
DENMARK			
SE	237.76	236.81	165.85
FRANCE			
CAC Gen	267.8	265.8	181.6
Ind. Tendance	101.6	154.5	100.2
WEST GERMANY			
FAZ-Aktien	648.94	649.14	385.17
Commerzbank	1,937.4	1,951.5	1,118.4
HONG KONG			
Hang Seng	1,774.38	1,752.45	1,220.74
ITALY			
Banca Comm.	457.39	457.04	228.56
NETHERLANDS			
ANP-CBS Gen	260.5	255.6	186.6
ANP-CBS Ind	250.4	242.5	148.4
NORWAY			
Oslo SE	395.02	393.12	268.18
SINGAPORE			
Straits Times	612.32	620.04	800.47
SOUTH AFRICA			
JSE Golds	–	1,164.8	941.5
JSE Industrials	–	1,067.7	933.6
SPAIN			
Madrid SE	101.03	135.31	101.48
SWEDEN			
J & P	1,787.55	1,737.66	1,361.60
SWITZERLAND			
Swiss Bank Ind	closed	587.9	385.6
WORLD	Dec 31	Prev	Year ago
Capital Int'l	368.6	256.2	187.1

COMMODITIES

(London)	Jan 2	Prev
Silver (spot fixing)	400.40p	401.10p
Copper (cash)	£959.00	£971.75
Coffee (Jan)	£2,825.00	£2,675.90
Oil (spot Arabian Light)	$27.75	$27.75

GOLD (per ounce)

	Dec 30	Prev
London	$327.25	$327.25
Zürich	$326.45	$327.50
Paris (fixing)	$327.50	$328.98
Luxembourg	$327.45	$326.25
New York (Feb)	$328.90	$331.10

CURRENCIES

(London)	US DOLLAR Jan 2	US DOLLAR Previous	STERLING Jan 2	STERLING Previous
$	–	–	1.4505	1.4455
DM	2.4375	2.4455	3.535	3.535
Yen	199.05	200.25	288.75	289.5
FFr	7.485	7.5	10.8575	10.84
SFr	2.052	2.06	2.9775	2.9775
Guilder	2.748	2.758	n/a	3.9875
Lira	1,666.0	1,670.5	n/a	2,414.75
BFr	49.95	50.05	n/a	72.35
C$	1.4015	1.398	n/a	2.021

INTEREST RATES

	Jan 2	Prev
Euro-currencies (3-month offered rate)		
£	11⅞	11¹⁵⁄₁₆
SFr	4⅟₁₆	4⅛
DM	4¹³⁄₁₆	4⅞
FFr	13⅝	13½
FT London Interbank fixing (offered rate)		
3-month US$	8	8
6-month US$	8	8
US Fed Funds	8¾*	11
US 3-month CDs	7.65*	7.85
US 3-month T-bills	7.06*	7.26

US BONDS

Treasury		Jan 2* Price	Jan 2* Yield	Prev Price	Prev Yield
7⅞	1987	99²⁴⁄₃₂	8.013	99²⁵⁄₃₂	7.996
9⅝	1992	104¹⁵⁄₃₂	8.882	104¹⁴⁄₃₂	8.851
9½	1995	103⁶⁄₃₂	9.017	103⁶⁄₃₂	9.003
9⅞	2015	106⁴⁄₃₂	9.274	106⁵⁄₃₂	9.274

Treasury Index

Maturity (years)	Return index	Jan 2* Day's change	Yield	Day's change
1–30	138.21	−0.04	8.67	+0.05
1–10	134.64	−0.06	8.42	+0.05
1– 3	129.21	−0.02	8.05	+0.06
3– 5	136.53	−0.04	8.58	+0.05
15–30	151.07	+0.05	9.54	+0.00

Source: Merrill Lynch

Corporate	Jan 2* Price	Jan 2* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101½	9.90	101⅝	9.90
3⅞ July 1990	86⅝	7.45	86⅝	7.45
8⅜ May 2000	91¼	9.90	91¼	9.90
Xerox				
10⅞ Mar 1993	104¼	9.35	104¼	9.35
Diamond Shamrock				
10⅜ May 1993	102	10.20	102	10.20
Federated Dept Stores				
10⅜ May 2013	102	10.40	102	10.40
Abbot Lab				
11.80 Feb 2013	111	10.55	111	10.55
Alcoa				
12¼ Dec 2012	108⅝	11.25	108⅝	11.25

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	85–08	85–14	84–23	85–07
US Treasury Bills (IMM) $1m points of 100%				
Mar	93.19	93.21	93.15	93.20
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.56	92.56	92.56	92.56
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	92.23	92.25	92.21	92.26
20-year Notional Gilt £50,000 32nds of 100%				
Mar	110–24	111–10	110–20	111–02

* Latest available figures